



U.S. AND TEXAS ECONOMIC UPDATE

MAY 4, 2023

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“Economists are people who work with numbers but don't have the personality to be accountants.”

- Anonymous



INFLATION CONCERNS



FOX 4
7:24 70°



STUDIO



NEW BRAUNFELS, TEXAS



FOX NEWS



LIVE

LIVE NOW
7:56 AM PT

WEATHER | DETROIT FAIR 24° | HOUSTON PARTLY CLOUDY 53°





THE WALL STREET JOURNAL.

What Is a Recession and Are We in One Now?

As the stock market declines and the Fed hikes rates, recession fears are rising. Here's what to know.

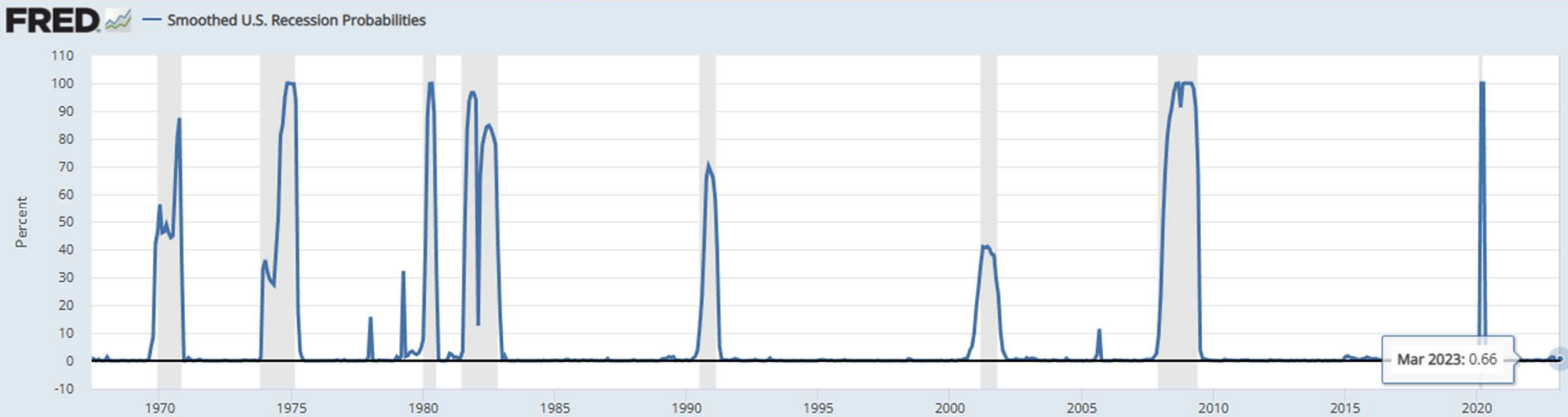
By [Josh Mitchell](#) [Follow](#)

Updated June 16, 2022 2:44 pm ET



Your trusted data source
since 1991.

Are we in a recession (yet)?





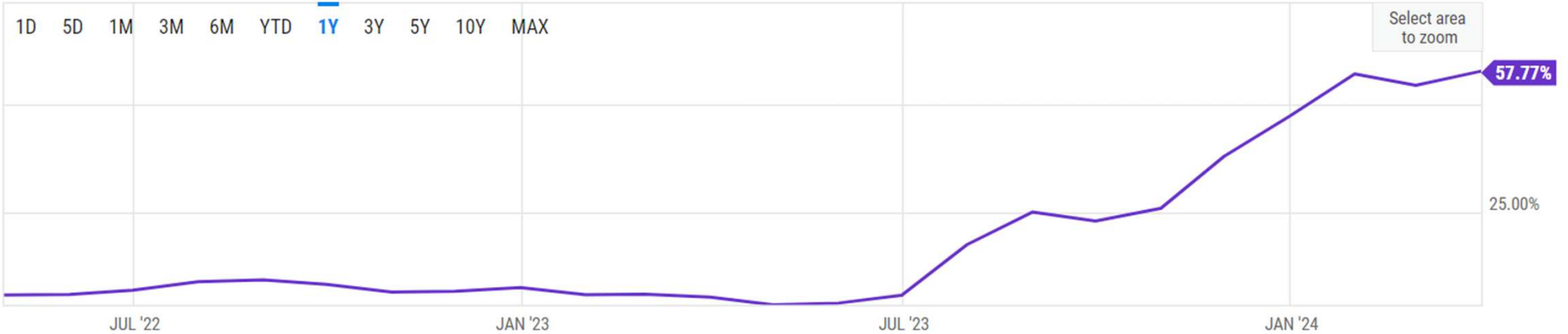
US Recession Probability

Current (Mar 2024)
57.77%

Previous (Feb 2024)
54.49%

% Chg Prev
6.02%

% Chg 1Y
951.9%



Major US Recession Probabilities - Estrella and Mishkin Indicators

[VIEW ALL](#)

INDICATOR NAME	PERIOD	VALUE	% CHG PREV
US Recession Probability	Mar 2024	57.77%	6.02%

Source: https://ycharts.com/indicators/reports/us_recession_probabilities_estrella_mishkin

US Recession Probability (0-1)



Source: The Conference Board, 2023



SIZE OF THE ECONOMY



GROSS DOMESTIC PRODUCT

GDP: 2022:Q4		
	(Millions of Dollars)	% of U.S.
United States	26,137,992	100.0%
California	3,701,354	14.2%
Texas	2,419,574	9.3%
New York	2,098,436	8.0%
Florida	1,437,240	5.5%
Illinois	1,057,572	4.0%
Pennsylvania	947,631	3.6%
Ohio	840,480	3.2%
Georgia	778,318	3.0%
New Jersey	764,715	2.9%
North Carolina	751,993	2.9%

Source: bea.gov



RECENT RECESSIONS

- January 1980 – July 1980
- July 1981 – November 1982
- July 1990 – March 1991
- March 2001 – November 2001
- December 2007 – June 2009
- March 2020 – April 2020



GDP

- Personal Consumption: 68.4%
- Business Investment: 17.2%
- Government Spending: 17.6%
- Net Exports: -3.2%



U.S. GDP

2nd Quarter 22: GDP
↓ 0.6%

3rd Quarter 22: GDP
↑ 3.2%

4th Quarter 22: GDP
↑ 2.6%

1st Quarter 23: GDP
↑ 1.1%

Consumer Spending ↑

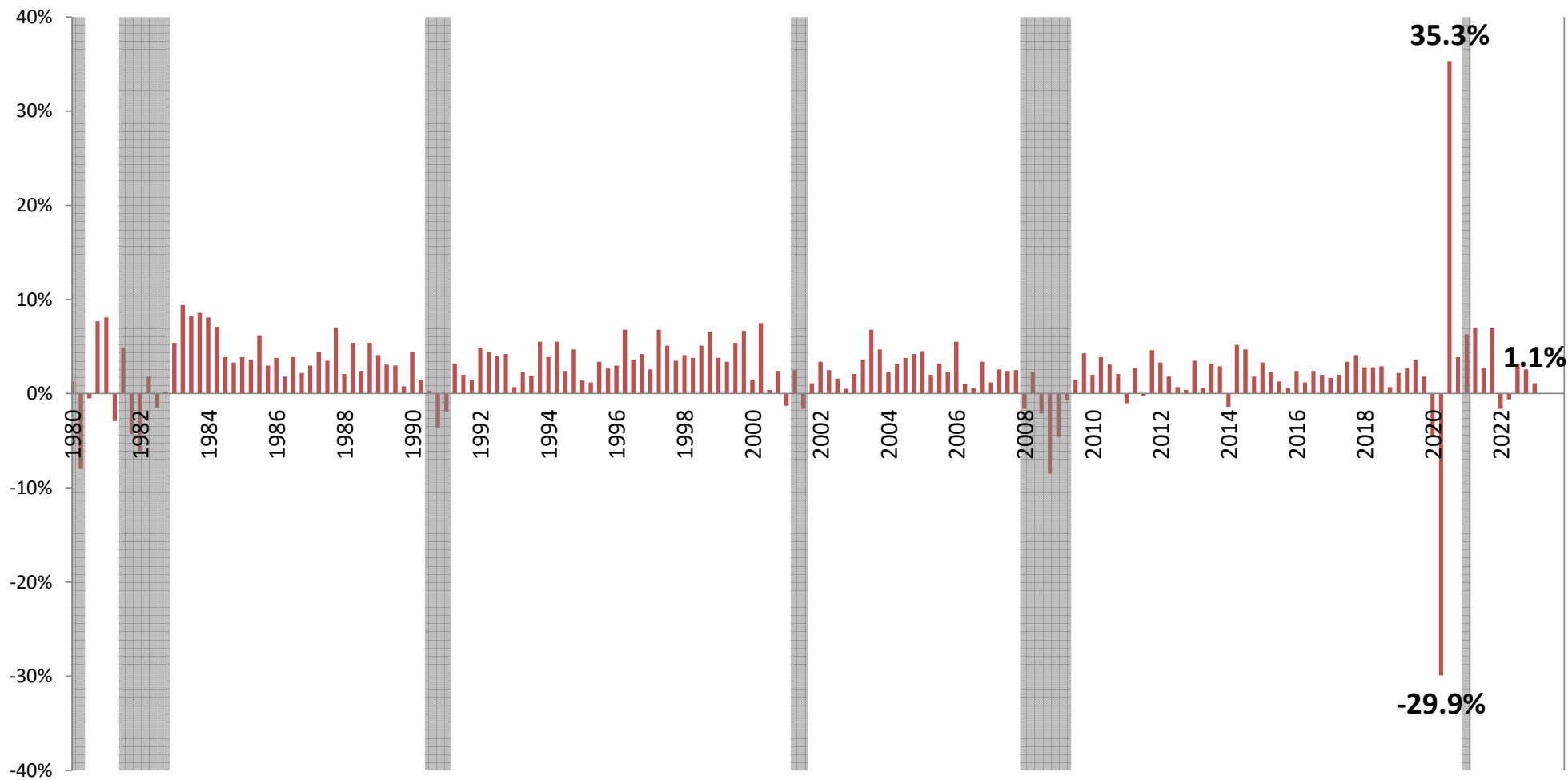
Business Investment ↓

Federal Spending ↑

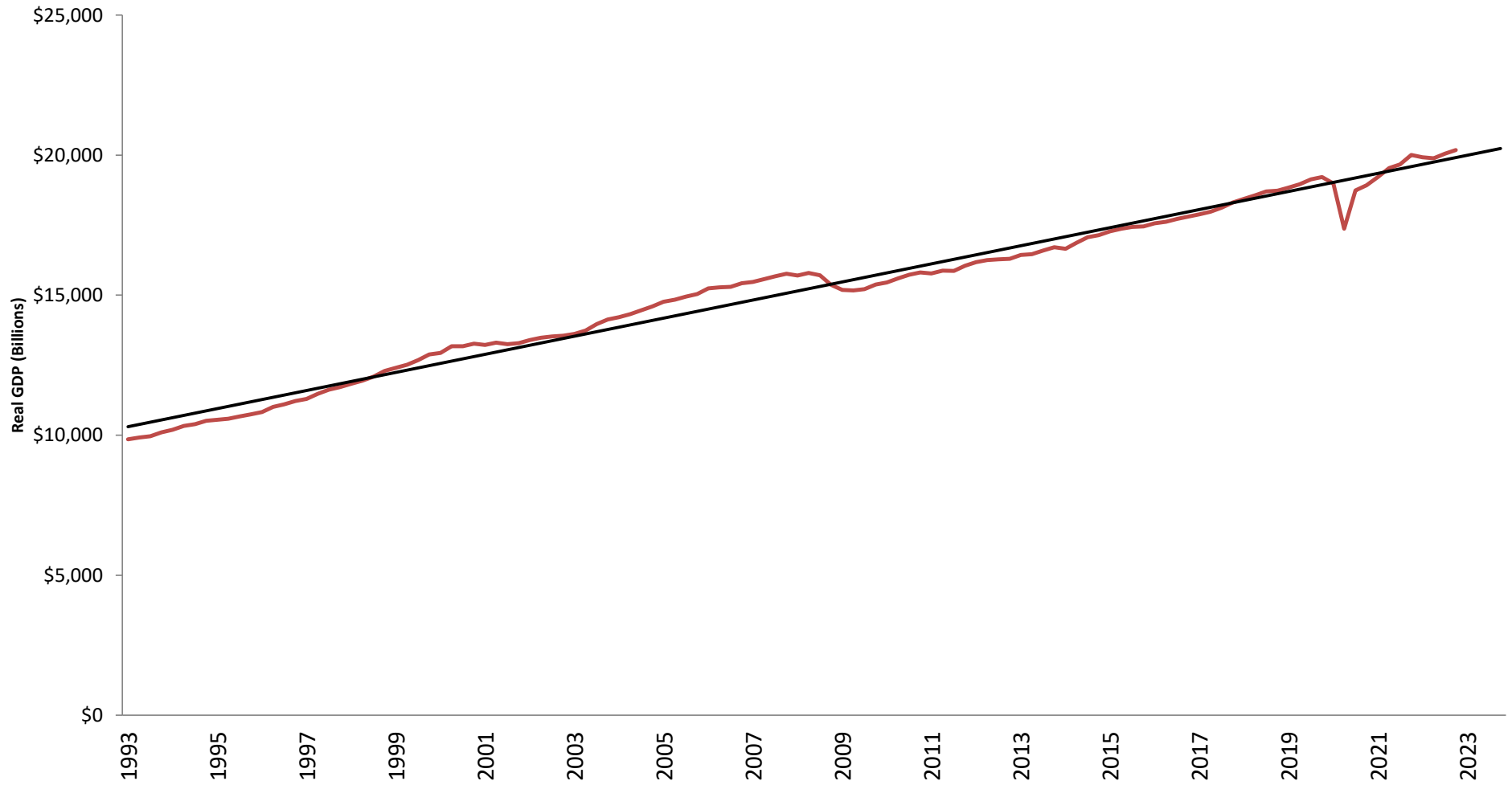
State & Local Spending ↑

Exports ↑, Imports ↑

Growth in Real GDP (QOQ)



Real GDP Growth 30-Year Trend





Federal Reserve Bank *of* Atlanta

GDPNow™

Latest estimate: 1.8 percent — May 1, 2023



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

mccoy.txstate.edu | [@TXSTMCCoy](https://twitter.com/TXSTMCCoy)



TEXAS

TEXAS ACHIEVEMENTS



Fortune 500

Texas became the **#1 state for total Fortune 500 corporate headquarters** locations with 53 total (and growing).



Best State for Business

Texas was named the **#1 Best State for Business for the 18th year in a row** by Chief Executive Magazine.

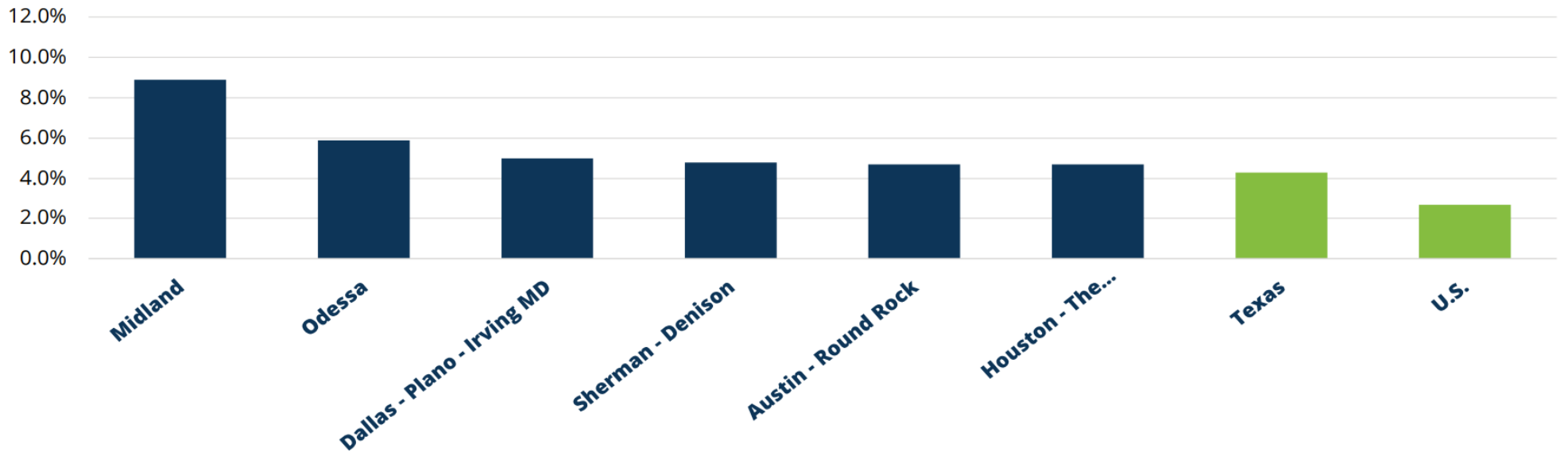


18 Governor's Cups

Texas celebrated a decade of dominance with its **10th Governor's Cup in a row** and 18th total cup for the most corporate relocation and expansion projects from Site Selection Magazine.



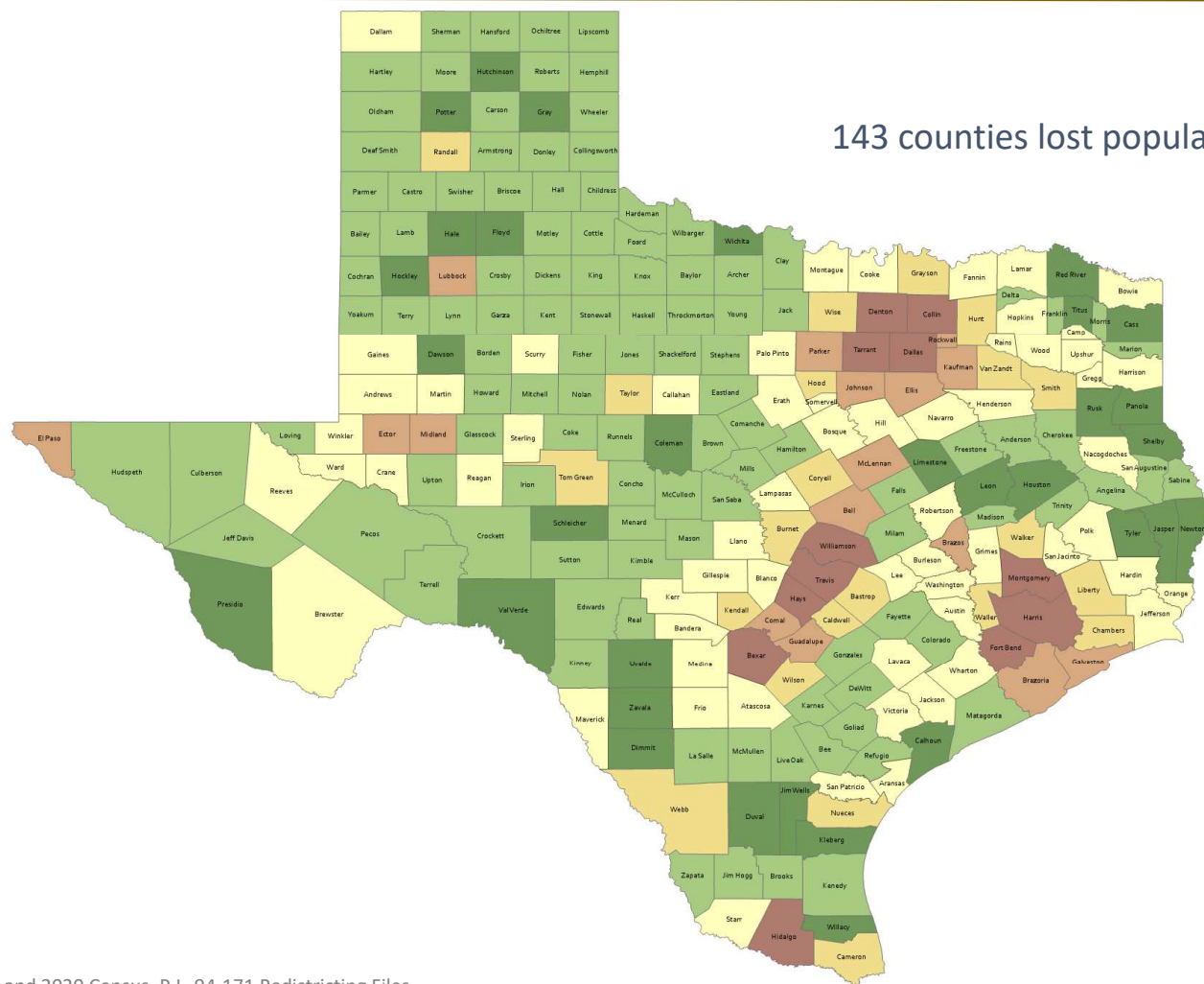
Fastest Growing Metro Areas Over the Year



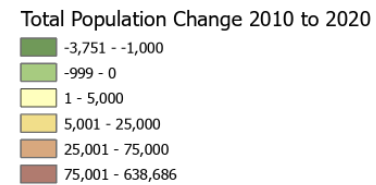
Source: https://texaslmi.com/downloads/tlmr_current_edition.pdf



Numeric Change, Texas Counties, 2010-2020

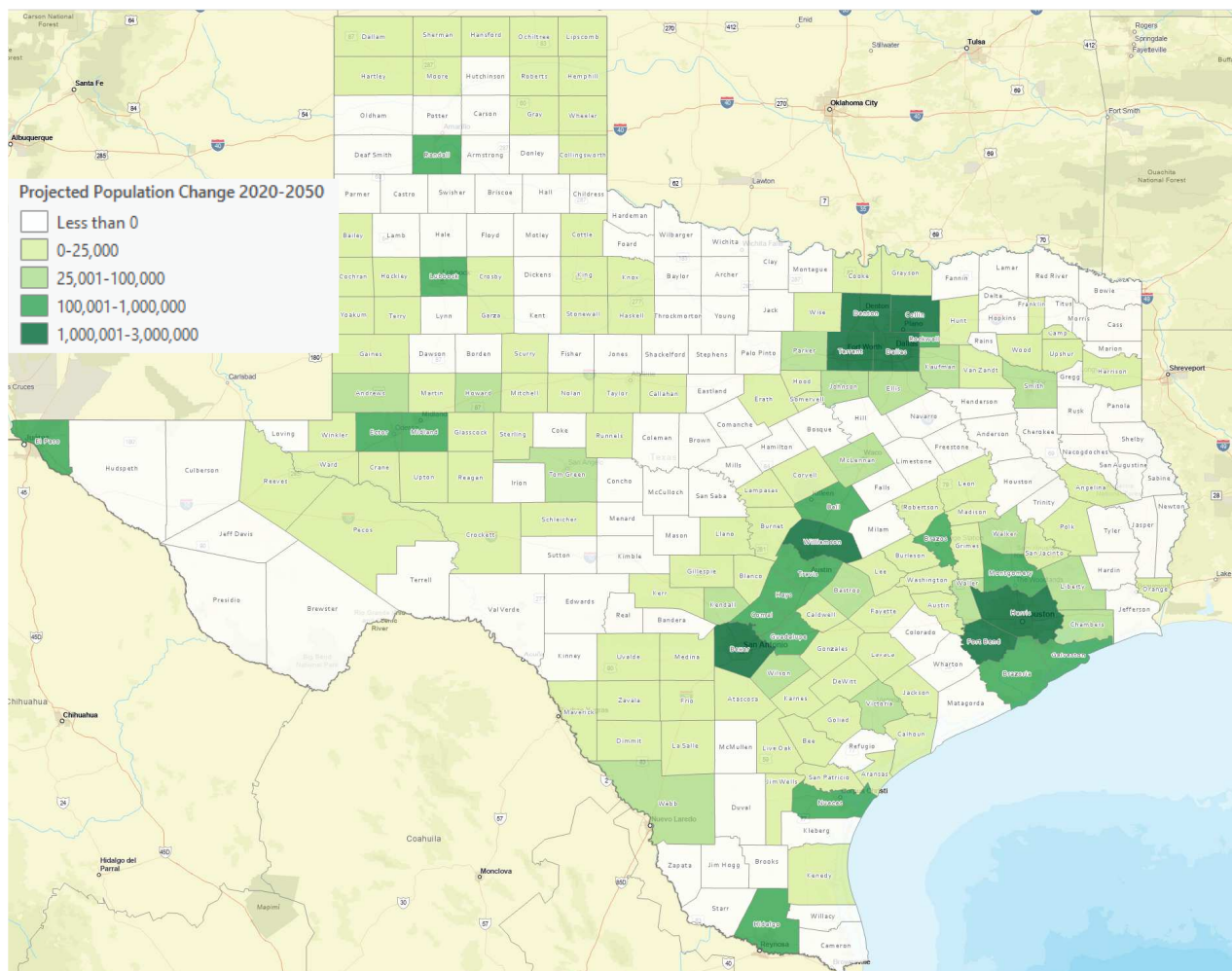


143 counties lost population





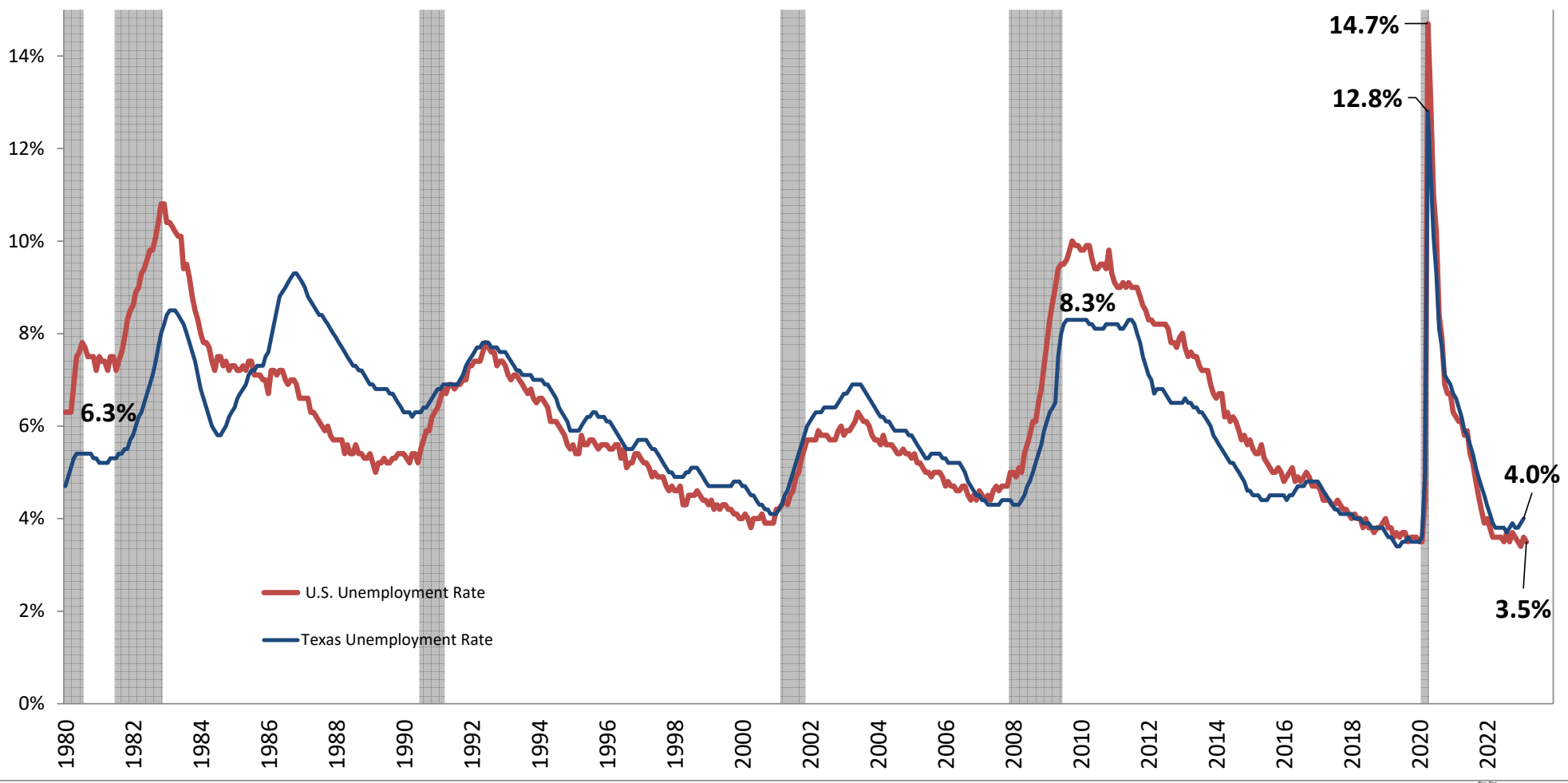
Projected Population Change, Texas Counties, 2020-2050



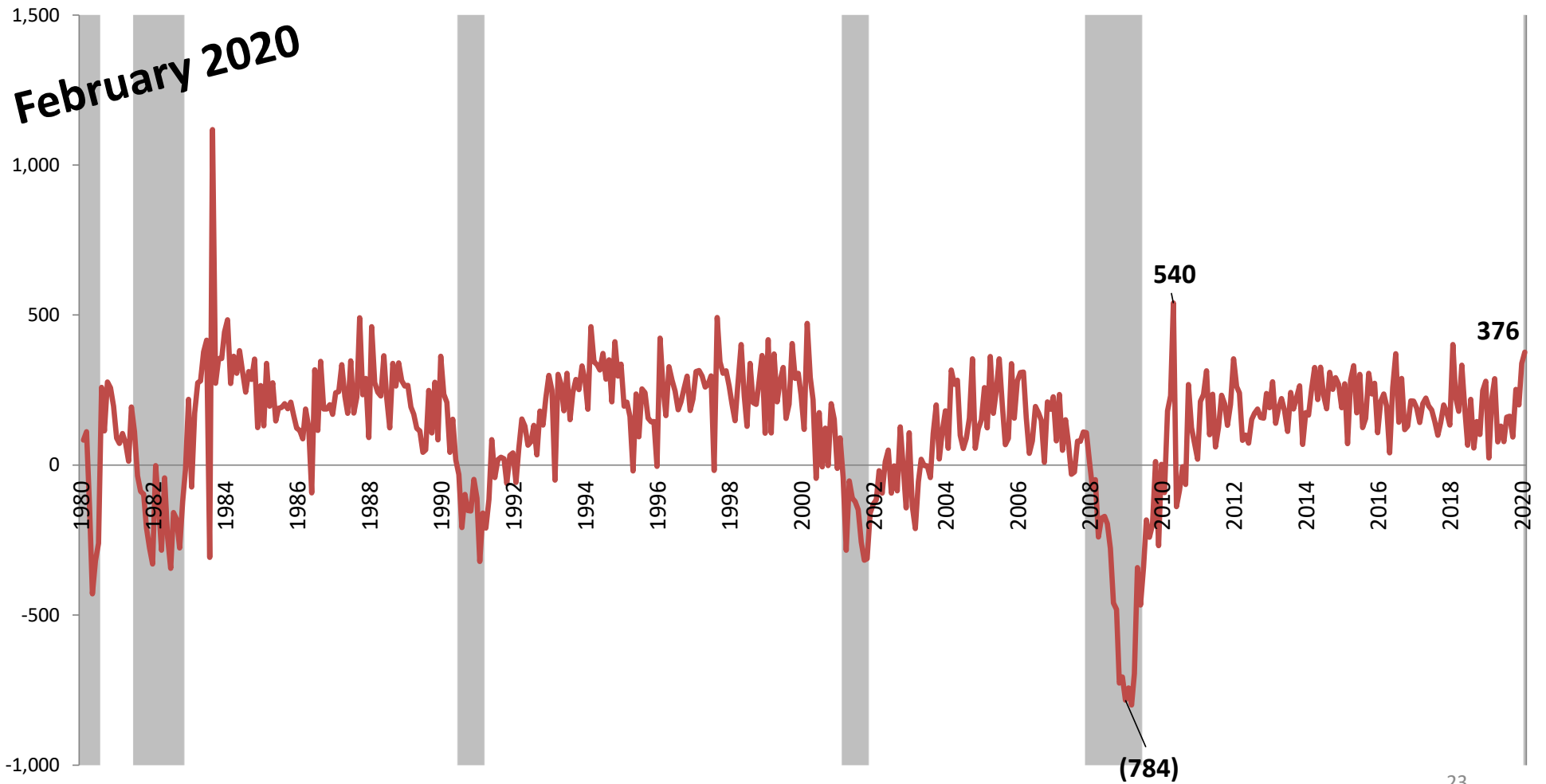


EMPLOYMENT

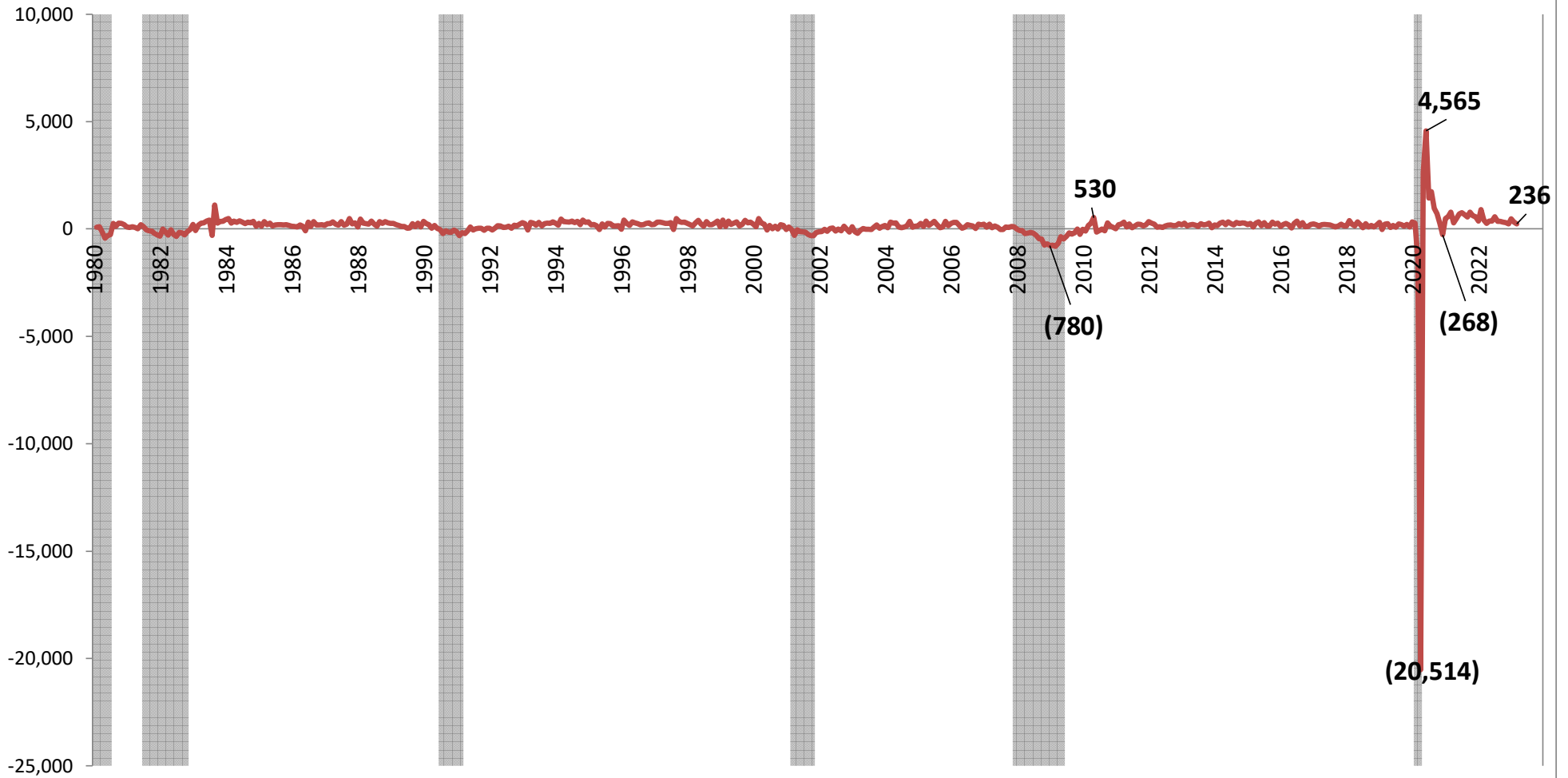
Unemployment Rate



Monthly Change in US Jobs (Thousands)

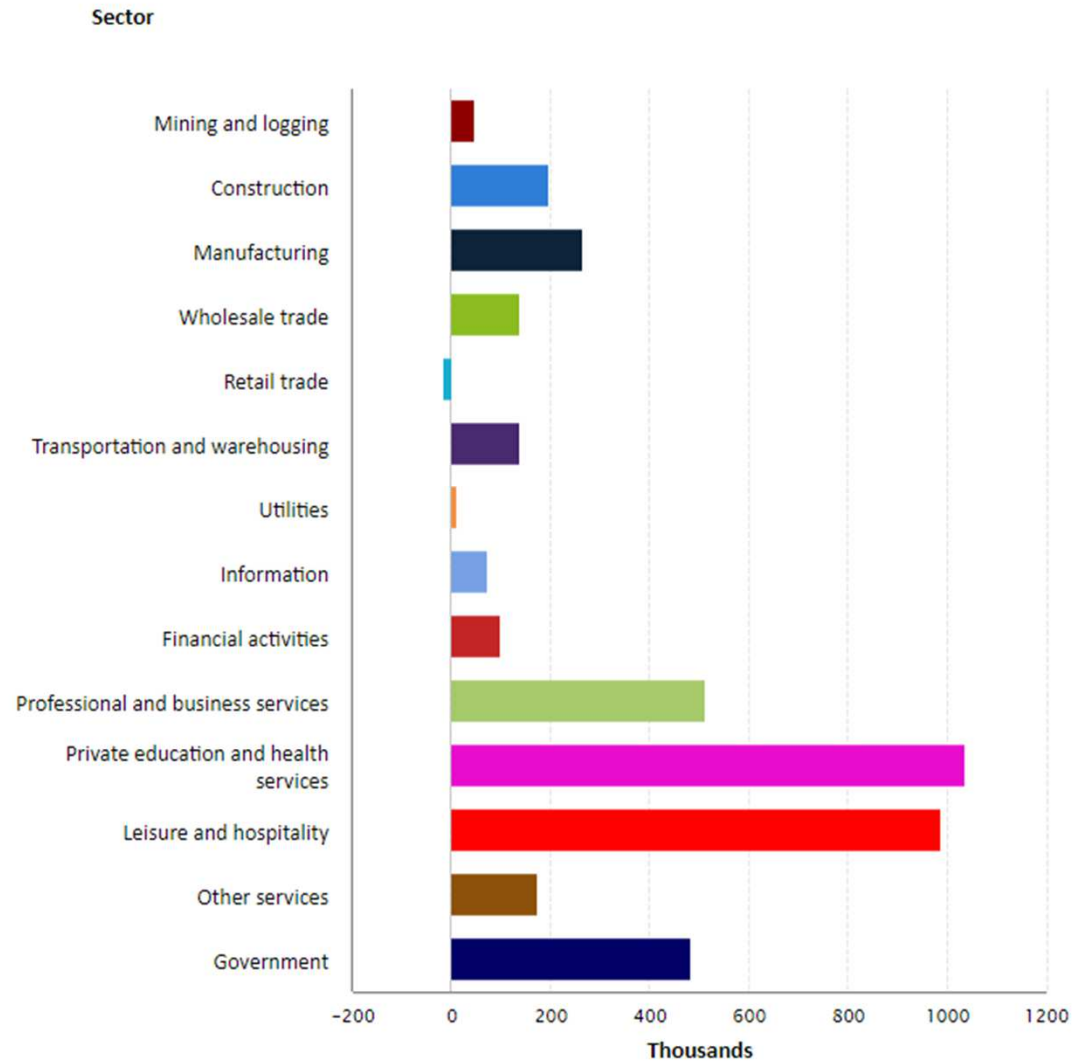


Monthly Change in US Jobs (Thousands)

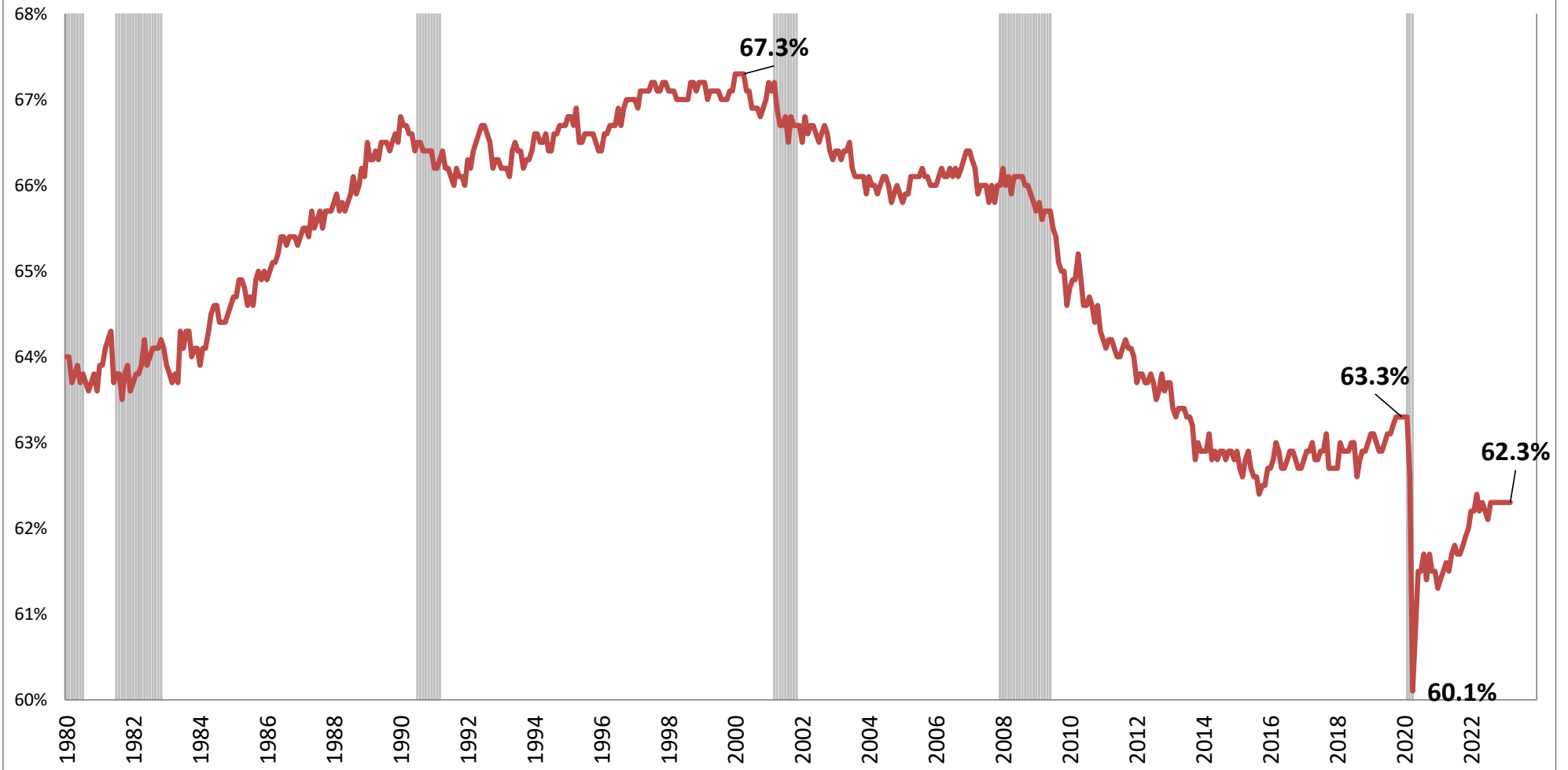


Employment change by industry, March 2023, seasonally adjusted, 12-month net change

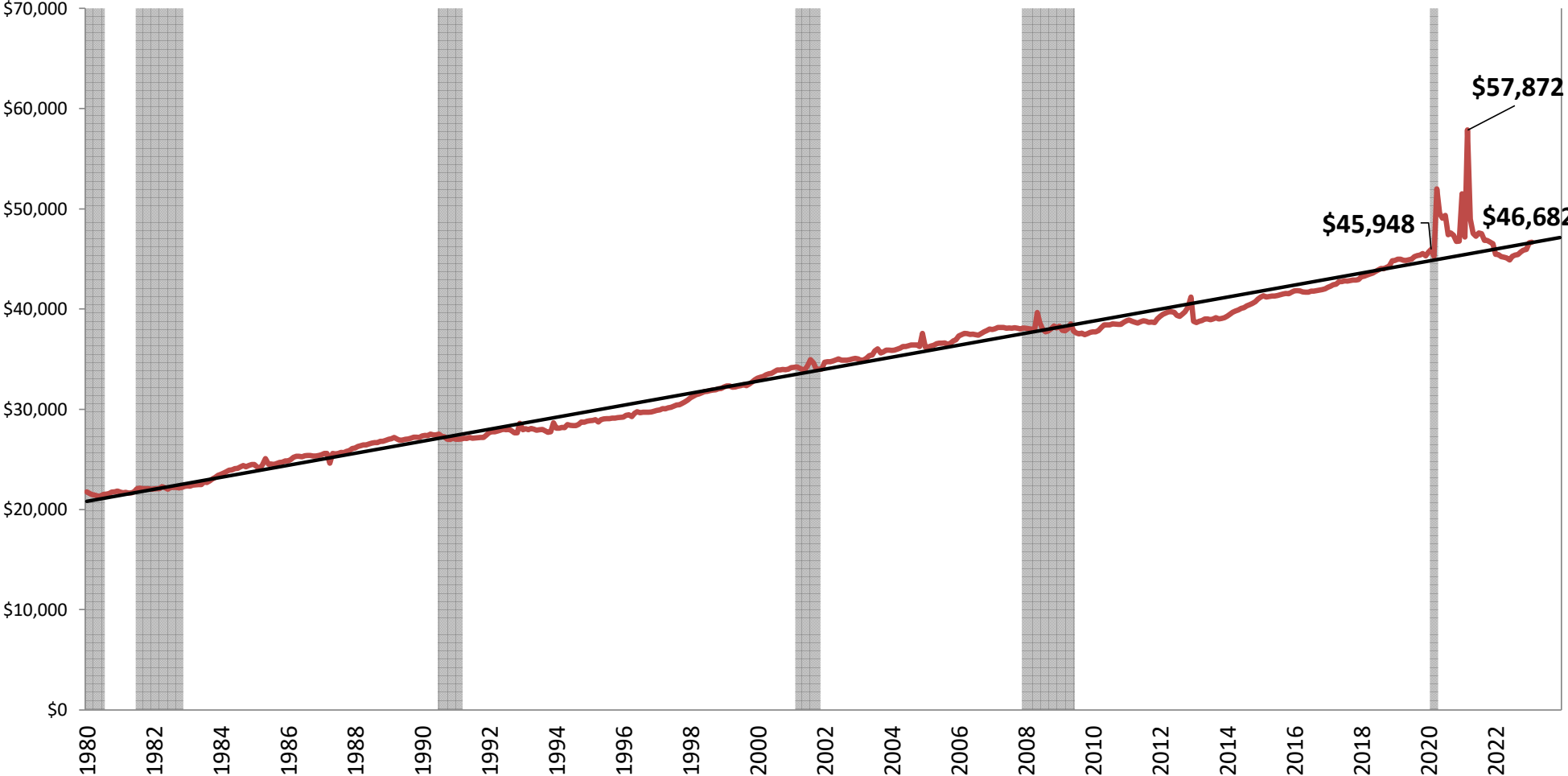
Click on bars to drill down



Civilian Labor Force Participation Rate



Personal Disposable Income (Per Capita)





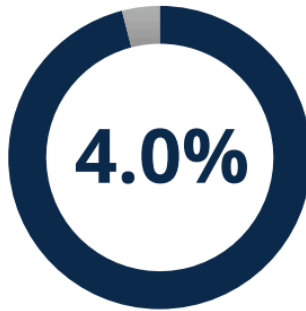
Texas March 2023

■ **Employed**

14,298,300

■ **Unemployed**

599,900



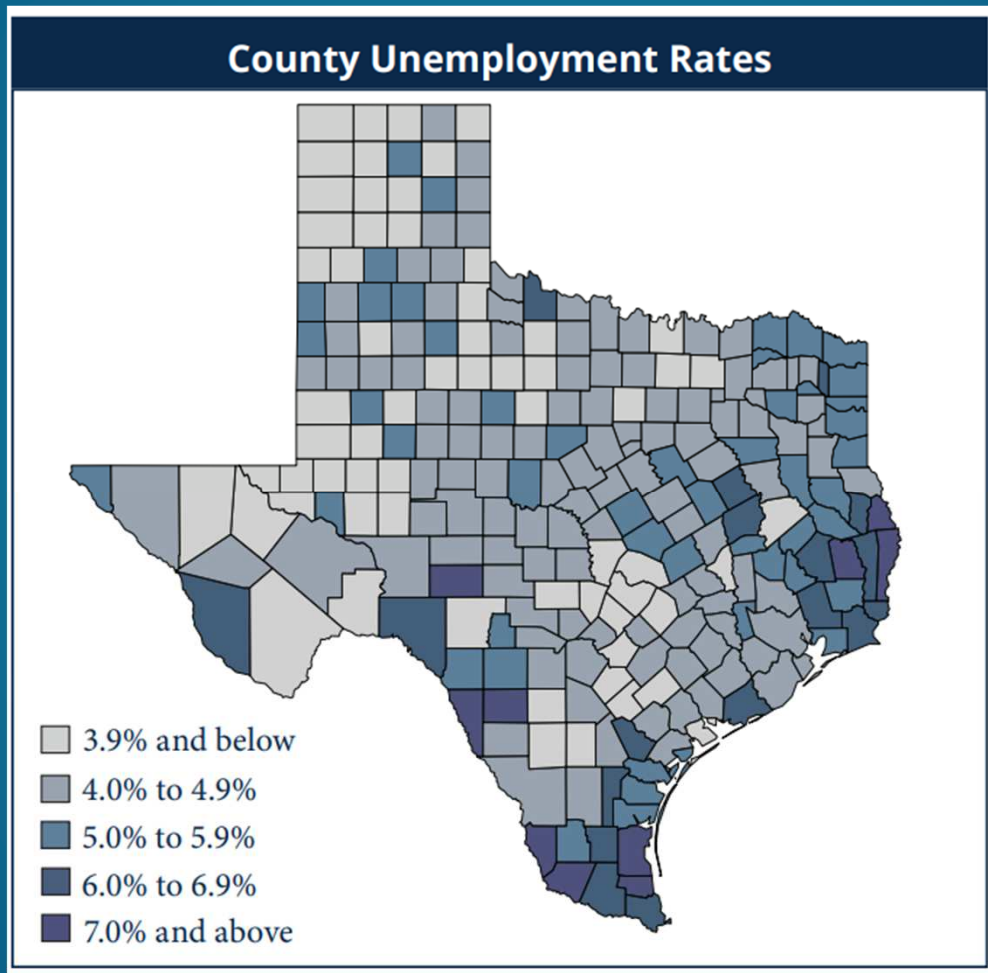
Date	CLF	Employment	Unemployment	Rate
March 2023	14,898,100	14,298,300	599,900	4.0
February 2023	14,819,300	14,232,100	587,200	4.0
March 2022	14,605,500	14,035,600	569,800	3.9



Texas Metro Areas Ranked by Unemployment Rate

Rank	Area	Rate	Rank	Area	Rate
1	Midland	2.6	14	Waco	4.1
2	Amarillo	3.1	0	Texas	4.2
3	College Station-Bryan	3.2	15	Victoria	4.2
4	Austin-Round Rock	3.5	15	Wichita Falls	4.2
4	Odessa	3.5	17	Longview	4.3
6	Abilene	3.6	18	Houston-The Woodlands-Sugar Land	4.4
6	San Angelo	3.6	18	Laredo	4.4
0	United States	3.6	20	El Paso	4.6
8	Lubbock	3.7	21	Corpus Christi	4.8
9	Dallas-Fort Worth-Arlington	3.9	22	Killeen-Temple	4.9
9	San Antonio-New Braunfels	3.9	23	Brownsville-Harlingen	5.9
9	Tyler	3.9	24	Beaumont-Port Arthur	6.3
12	Sherman-Denison	4.0	25	McAllen-Edinburg-Mission	6.4
12	Texarkana	4.0			

Source: https://texaslmi.com/downloads/tlmr_current_edition.pdf



Source: https://texaslmi.com/downloads/tlmr_current_edition.pdf



Top Occupations by Postings

Occupation	Mar 2023
Registered Nurses	32,827
Retail Salespersons	16,146
Sales Representatives, Wholesale and Manuf., Except Technical and Scientific Products	13,697
First-Line Supervisors of Retail Sales Workers	12,297
Software Developers	11,651
Customer Service Representatives	11,417
Fast Food and Counter Workers	10,889
Maintenance and Repair Workers, General	9,399
Managers, All Other	9,051
Food Service Managers	7,834



PRICE LEVELS



THE WALL STREET JOURNAL.

U.S. Inflation Hits New Four-Decade High of 9.1%

Prices up broadly across the economy, with gasoline far outpacing other categories

By Gabriel T. Rubin

Updated July 13, 2022 7:07 pm ET



THE WALL STREET JOURNAL.

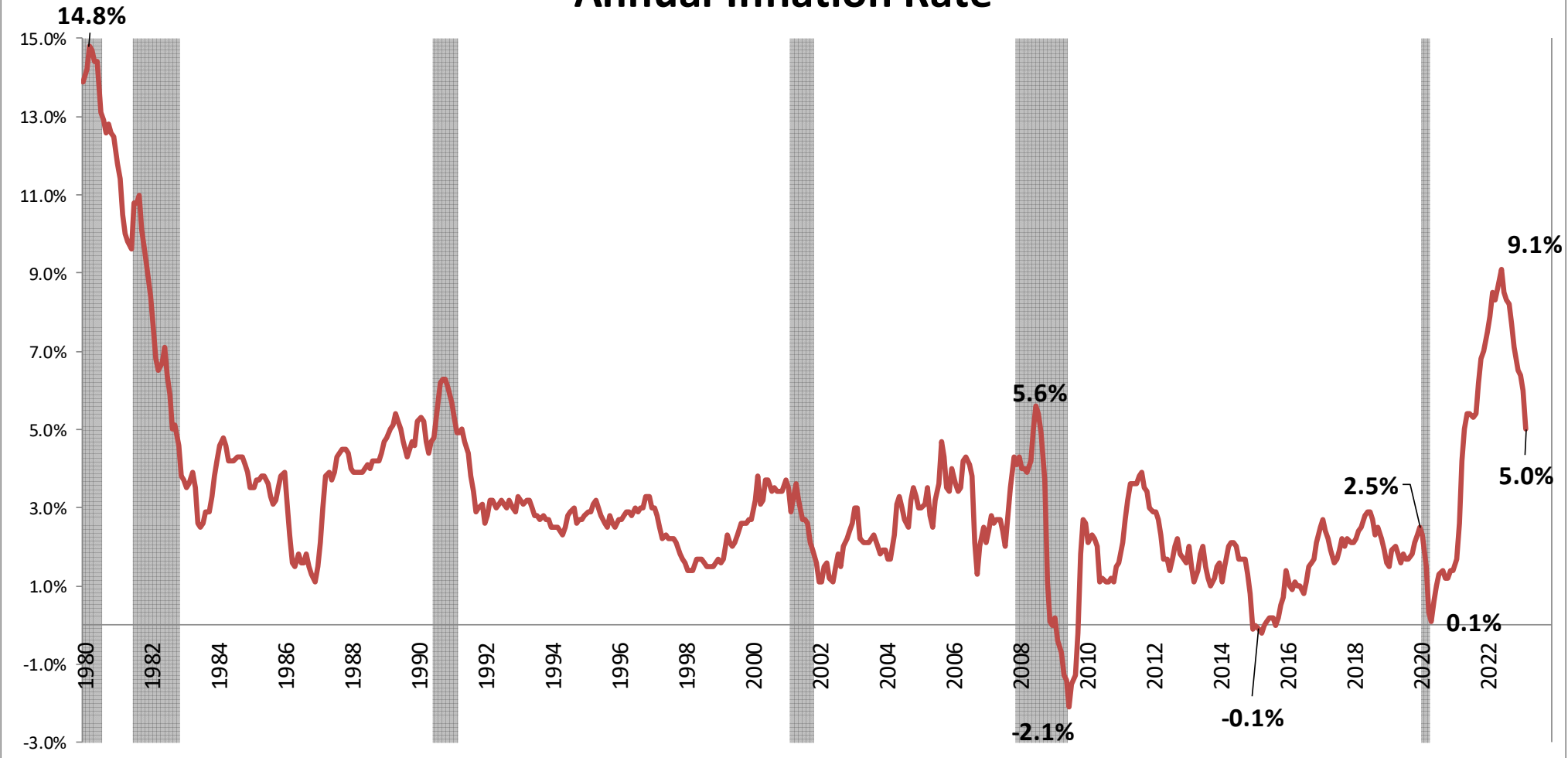
U.S. Inflation Eased to 5% in March

CPI increase cooled to lowest level in nearly two years

By [Gwynn Guilford](#) [Follow](#) and [Nick Timiraos](#) [Follow](#)

Updated April 12, 2023 6:02 pm ET

Annual Inflation Rate

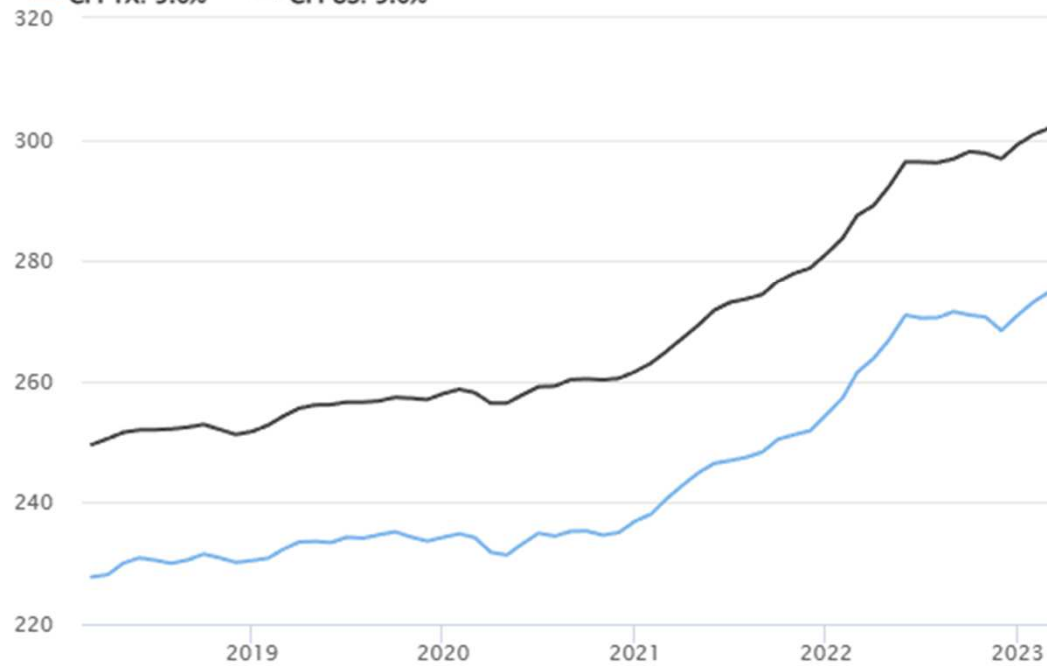




Measures of Inflation

Legend/Change from previous year:

— CPI TX: 5.0% — CPI US: 5.0%



*Excluding food and energy

Source: <https://comptroller.texas.gov/economy/key-indicators/>

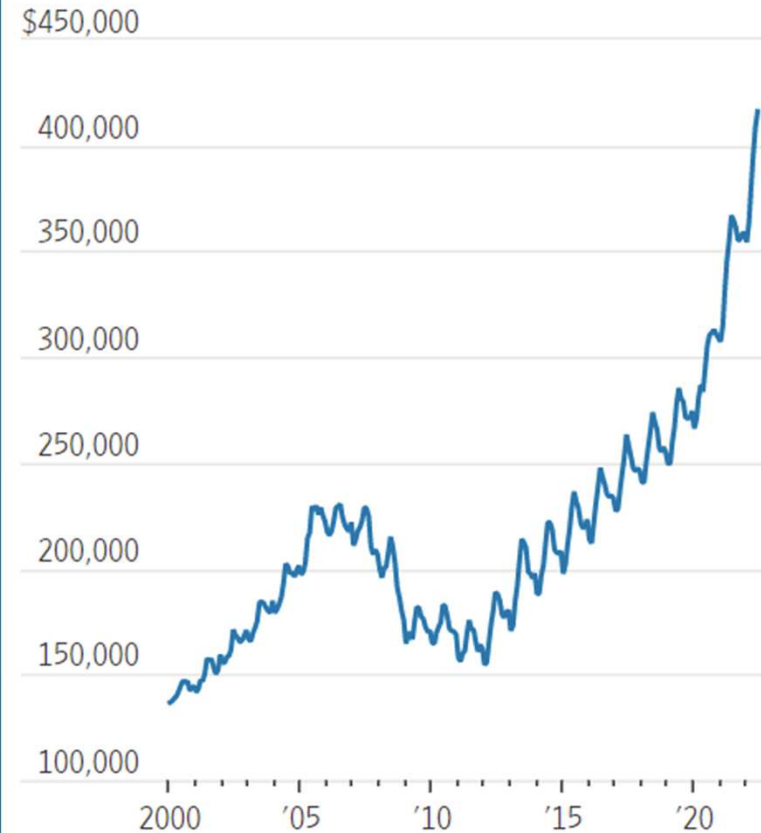


THE WALL STREET JOURNAL.

U.S. Home Prices Hit Record

Last Year

Median existing-home sales price



Source: National Association of Realtors



THE WALL STREET JOURNAL.

Housing Market Momentum Stalls as Critical Spring Season Approaches

Rising interest rates squeeze affordability, drive mortgage applications to lowest levels in decades

By [Nicole Friedman](#) [Follow](#)

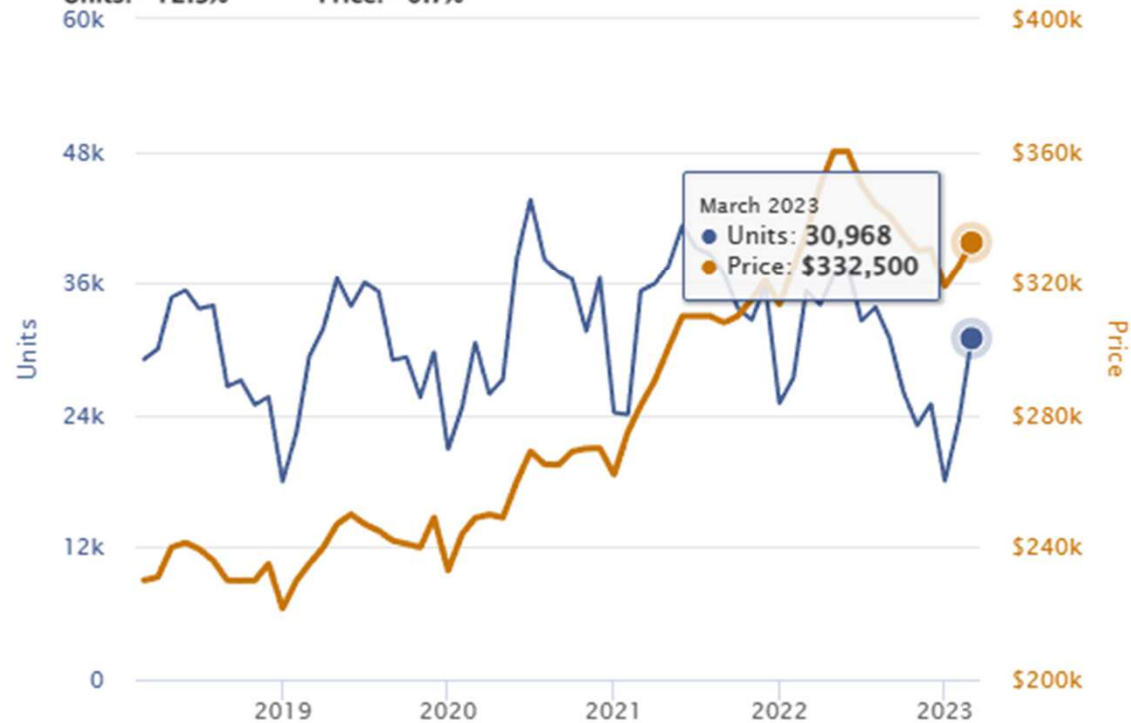
March 6, 2023 5:30 am ET



TX Home Sales

Legend/Change from previous year:

— Units: -12.3% — Price: -0.7%



Source: <https://comptroller.texas.gov/economy/key-indicators/>



United States Home Values

\$357,810

↑ 14.9% 1-yr

Last Year

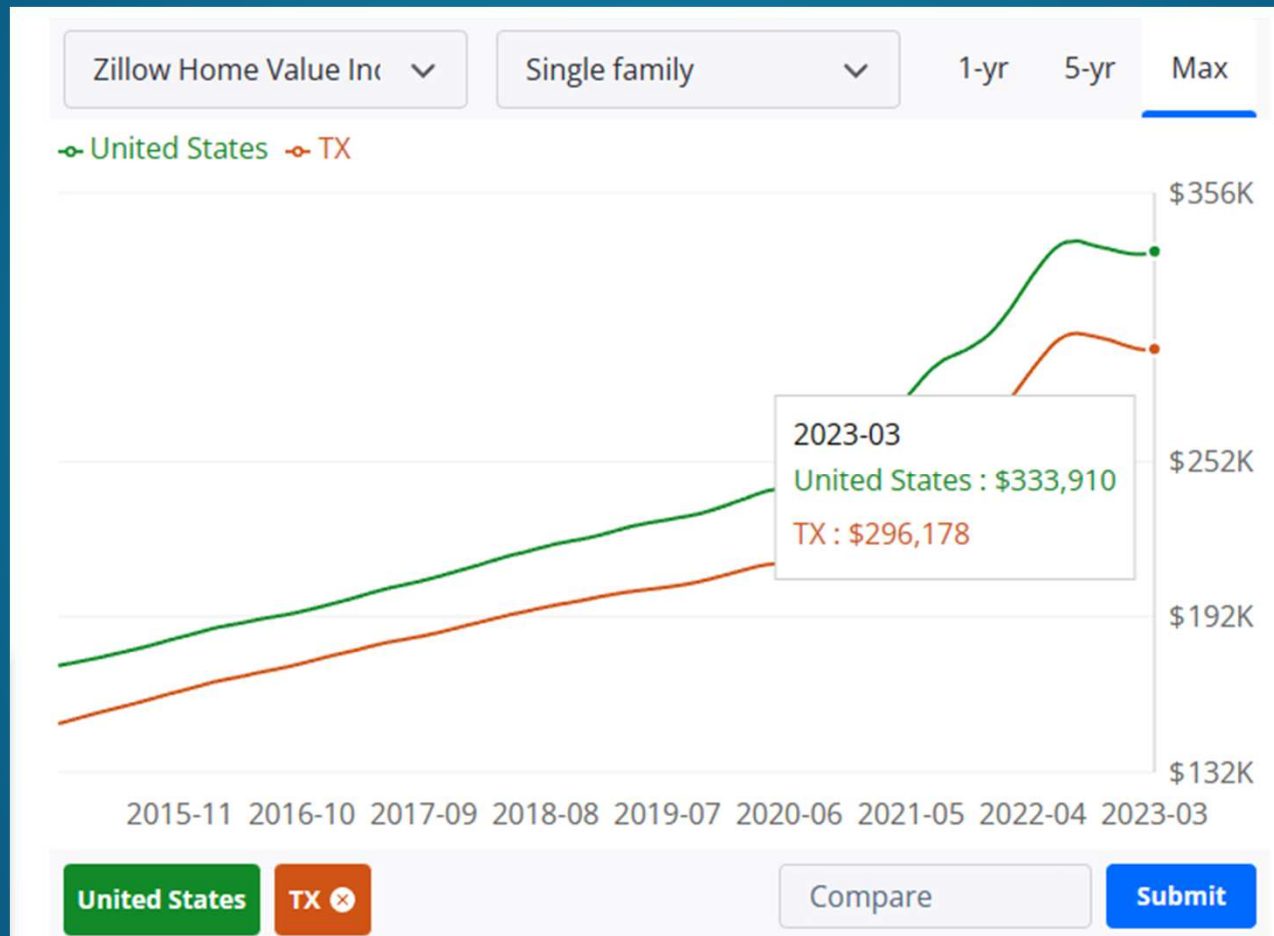


United States Home Values

\$334,269

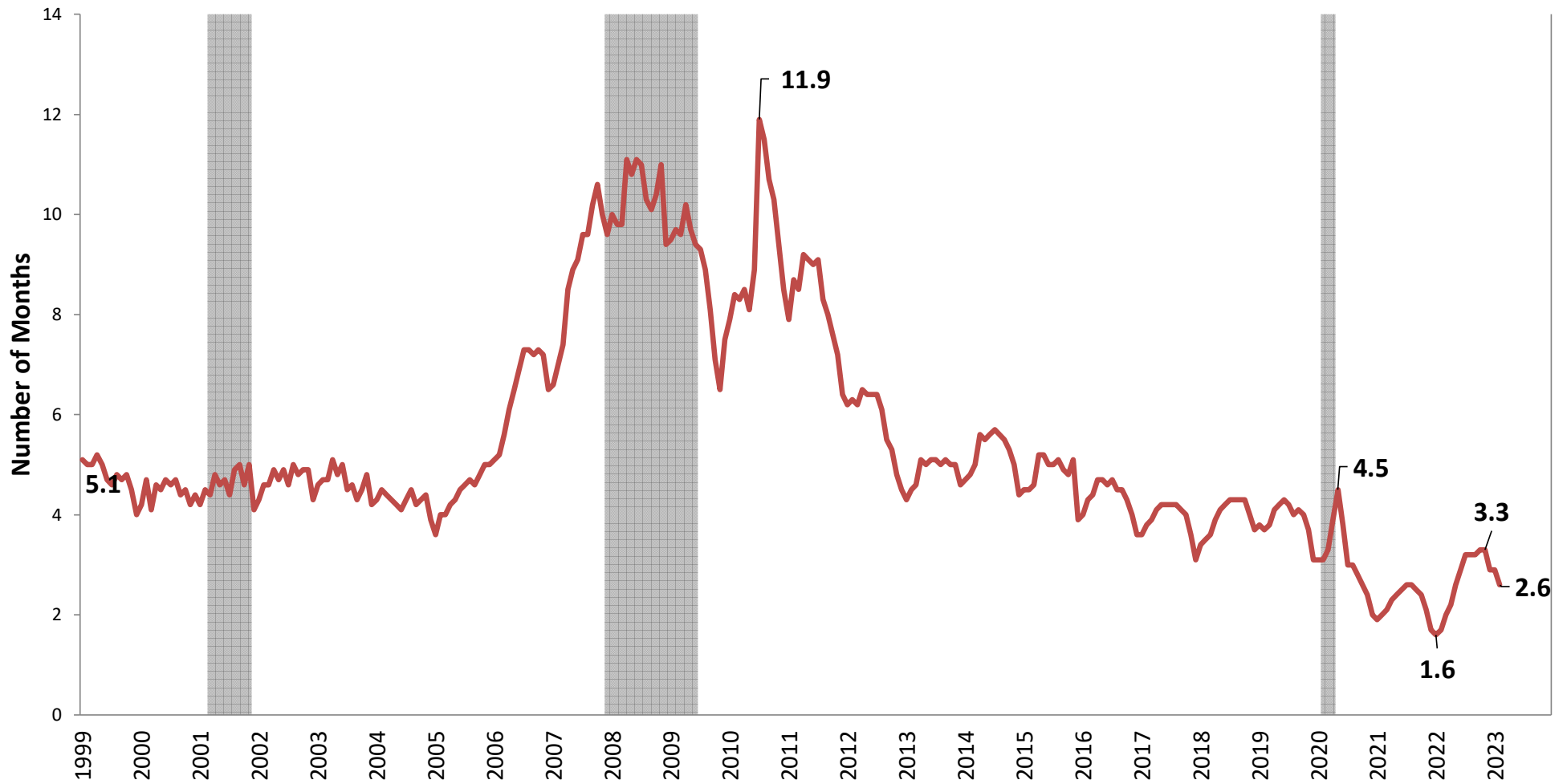
↑ 5.0% 1-yr

NOW



Source: <https://www.zillow.com/home-values/>

Months Supply of Houses For Sale at Current Sales Rate





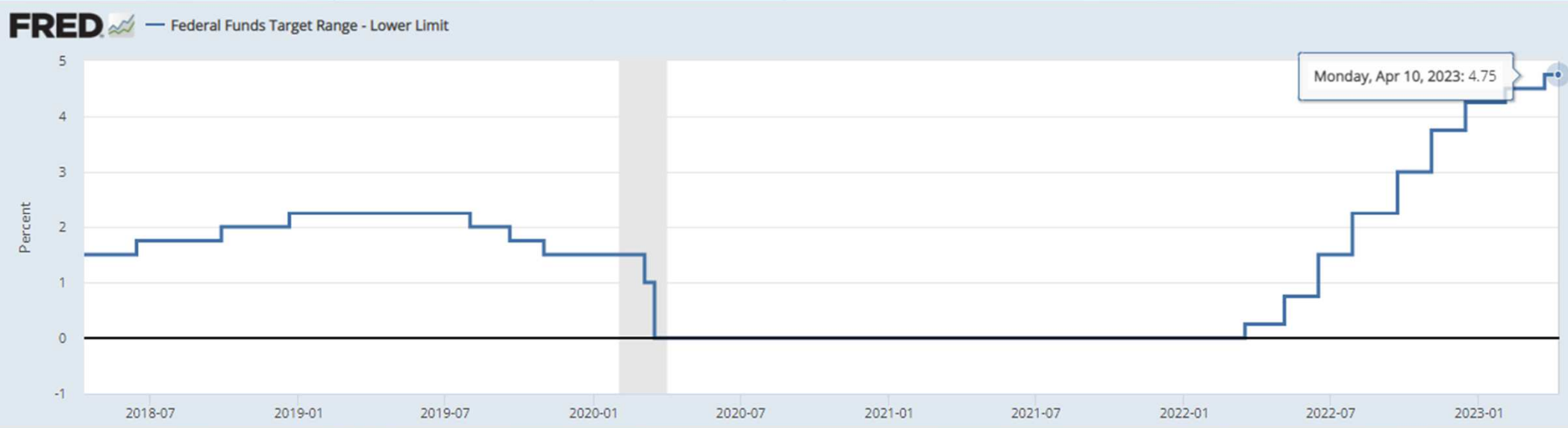
Expected Average Inflation Rate for Next 10 Years: 2.20%

Actual Average Inflation Rate Last 10 Years: 2.65%

Expected Average Inflation Rate 10 Years Ago: 2.53%



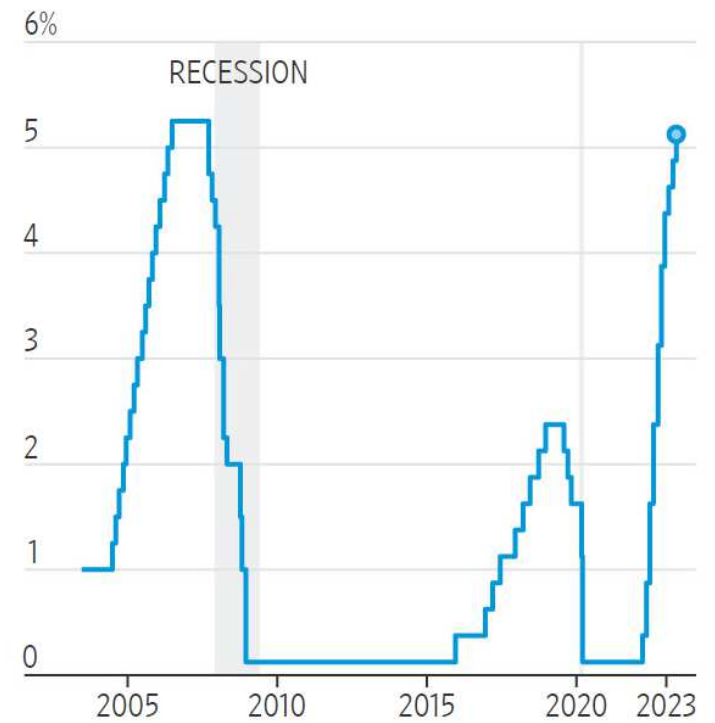
INTEREST RATES





Fed Boosts Rates to a 16-Year High

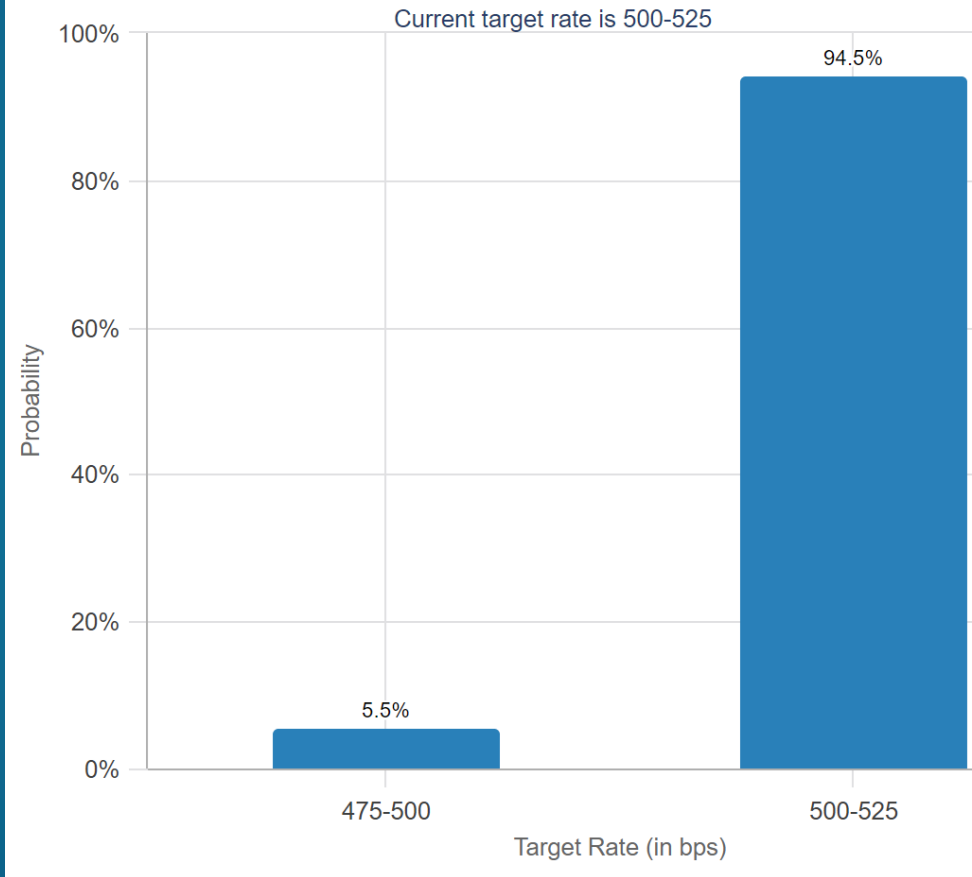
Federal-funds rate target



Note: Chart shows midpoint of range since 2008.
Source: Federal Reserve



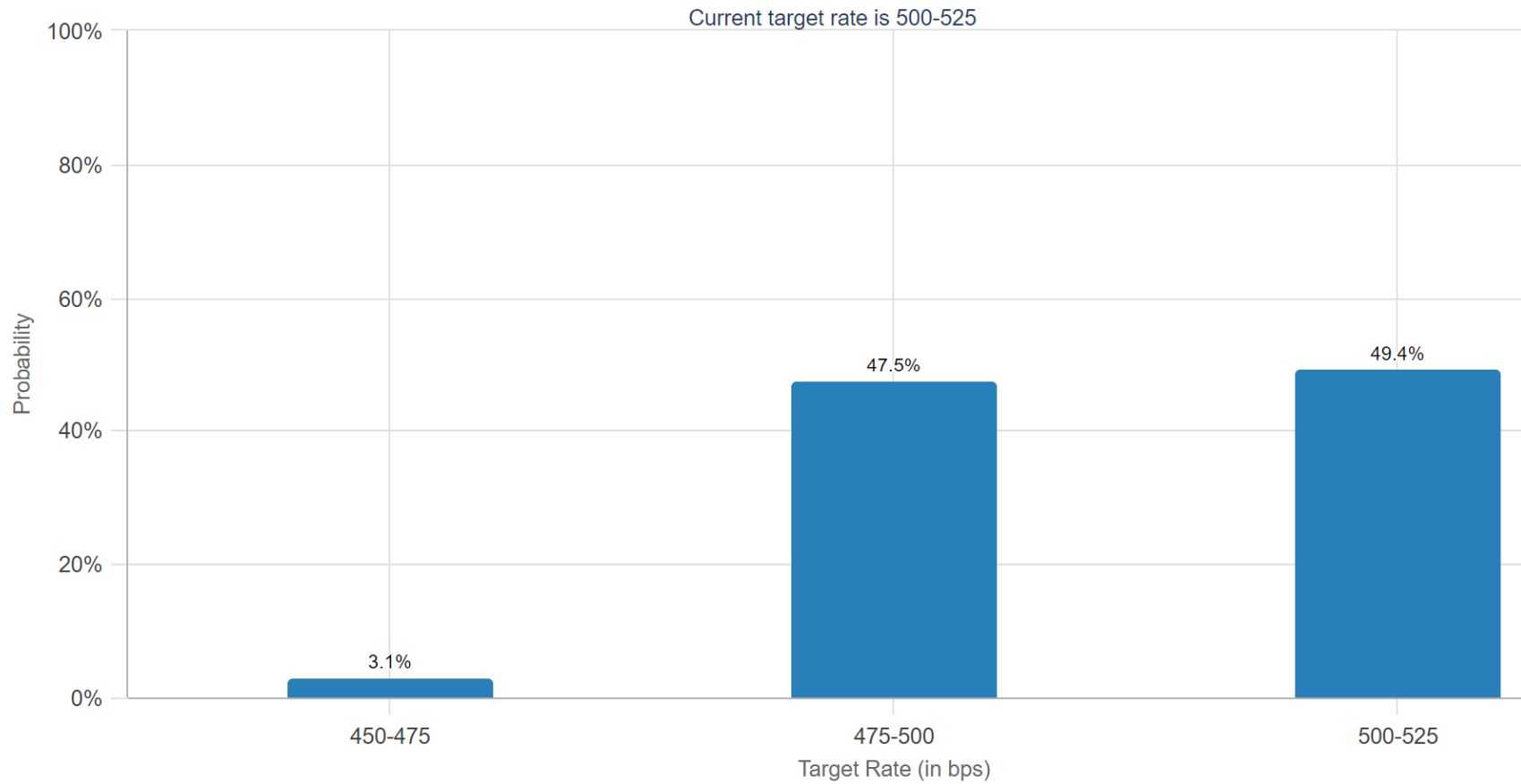
TARGET RATE PROBABILITIES FOR 14 JUN 2023 FED MEETING



Source: <https://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>



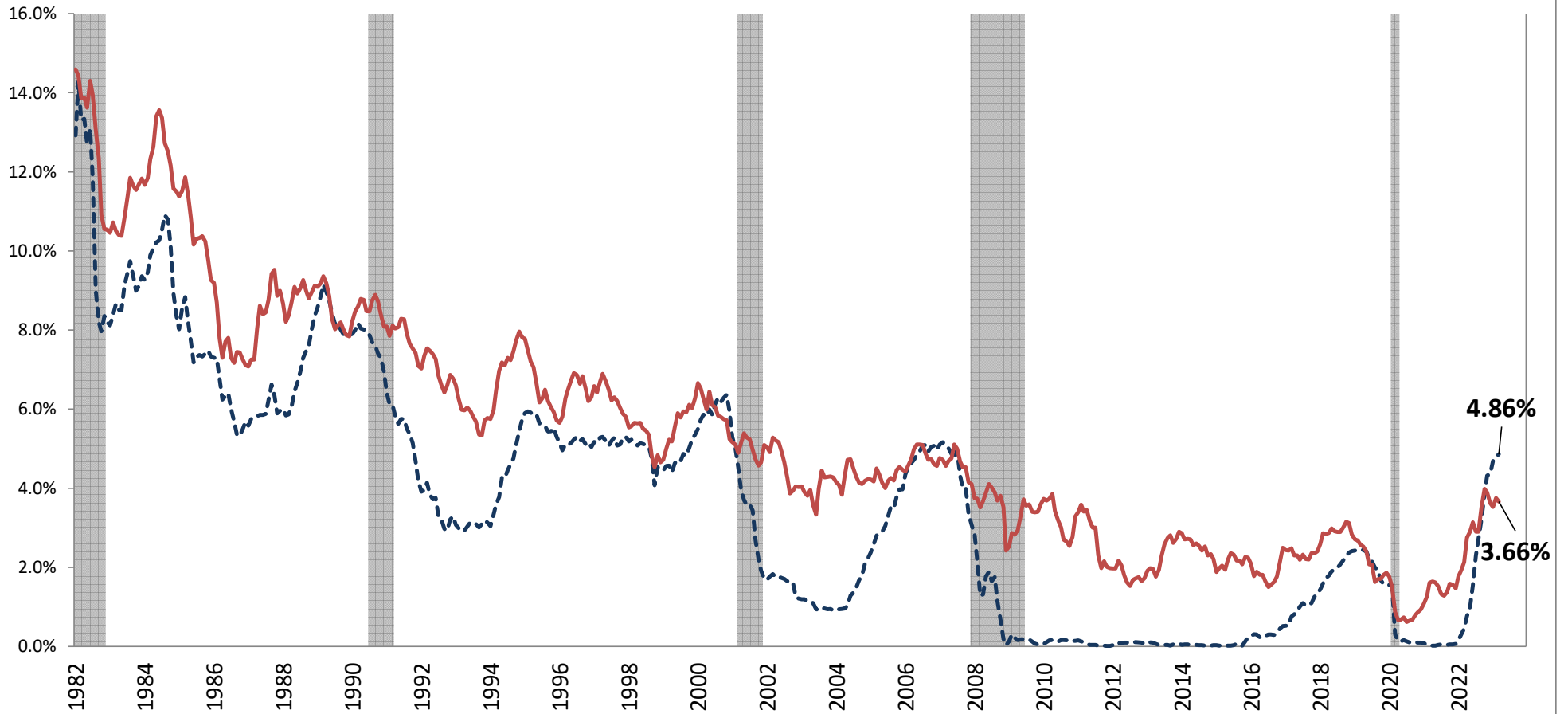
TARGET RATE PROBABILITIES FOR 26 JUL 2023 FED MEETING



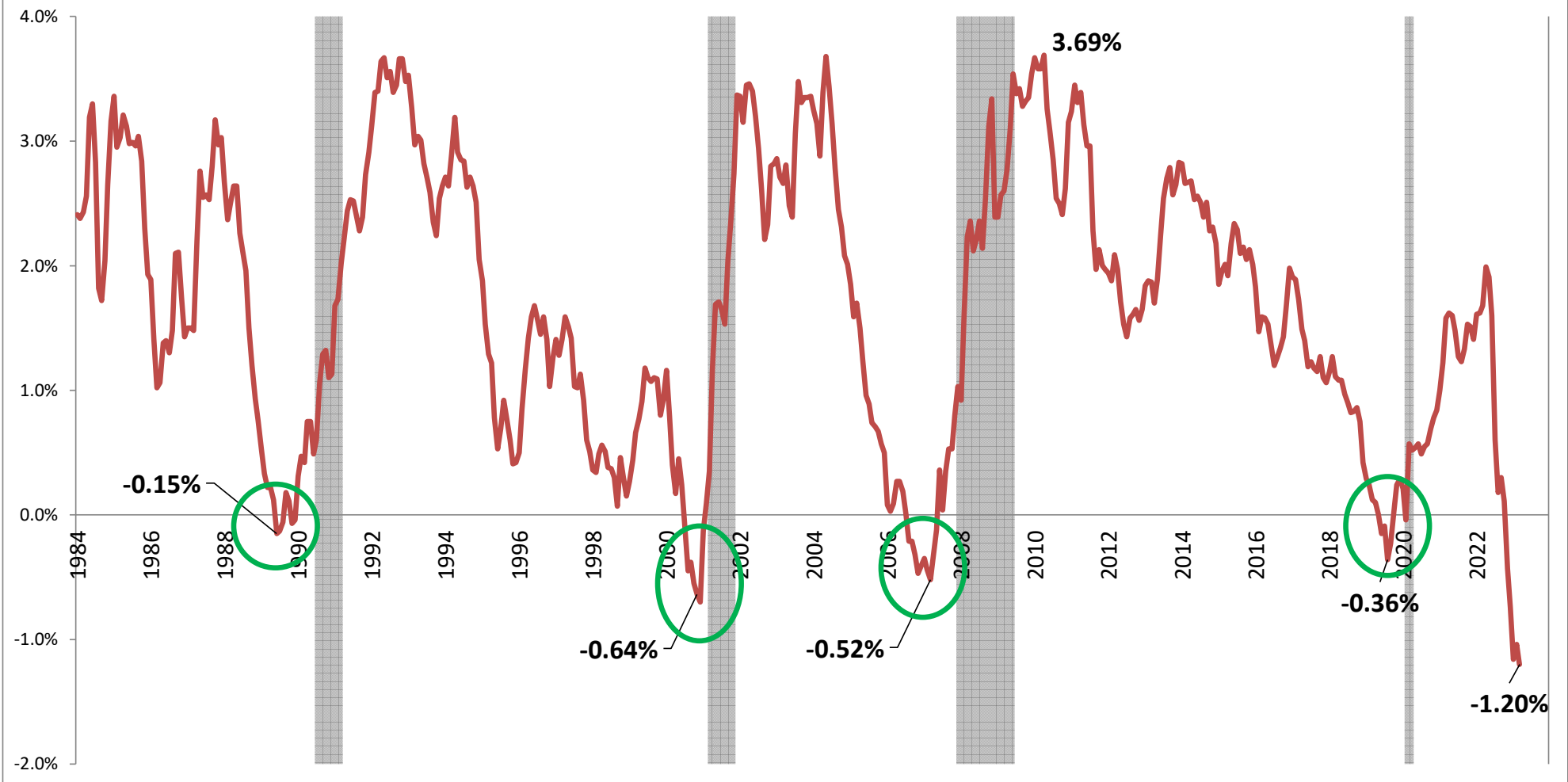
Source: <https://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>

Treasury Rates

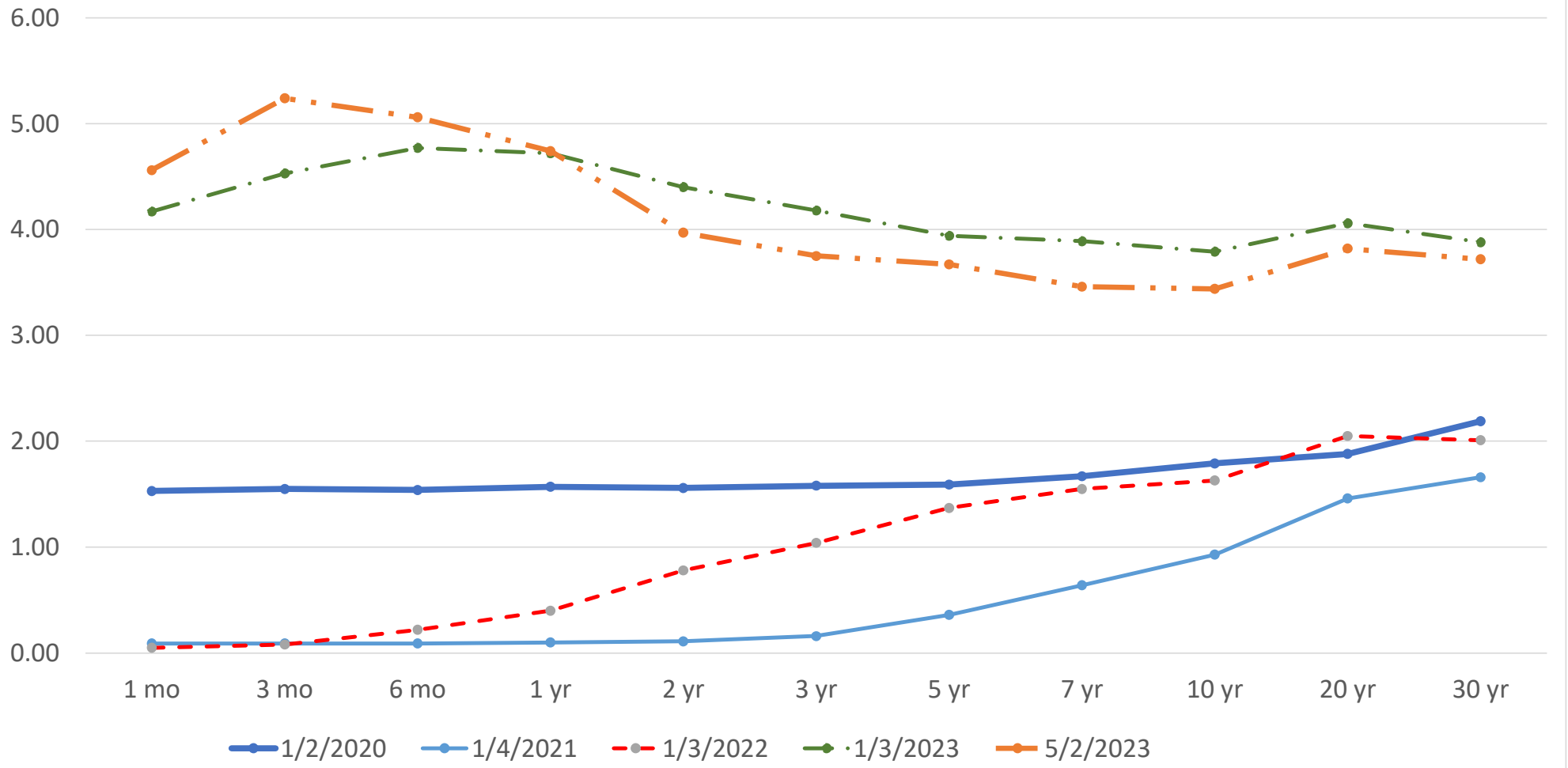
--- 3 Month Treasury Constant Mat — 10-Year Treasury Constant Mat



10-Year minus 3-Month Treasury Spread



Treasury Yield Curve





IMPACT OF HIGHER MORTGAGE RATES





San Antonio Express-News

What higher mortgage rates, inflation and recession concerns mean for San Antonio homebuyers

Austin American-Statesman

More signs point to Austin's housing market cooling down

The number of homes sold in the metro area dropped again in August. Prices continued to go up, but aren't rising nearly as fast as they had been.



IMPACT OF HIGHER MORTGAGE RATES

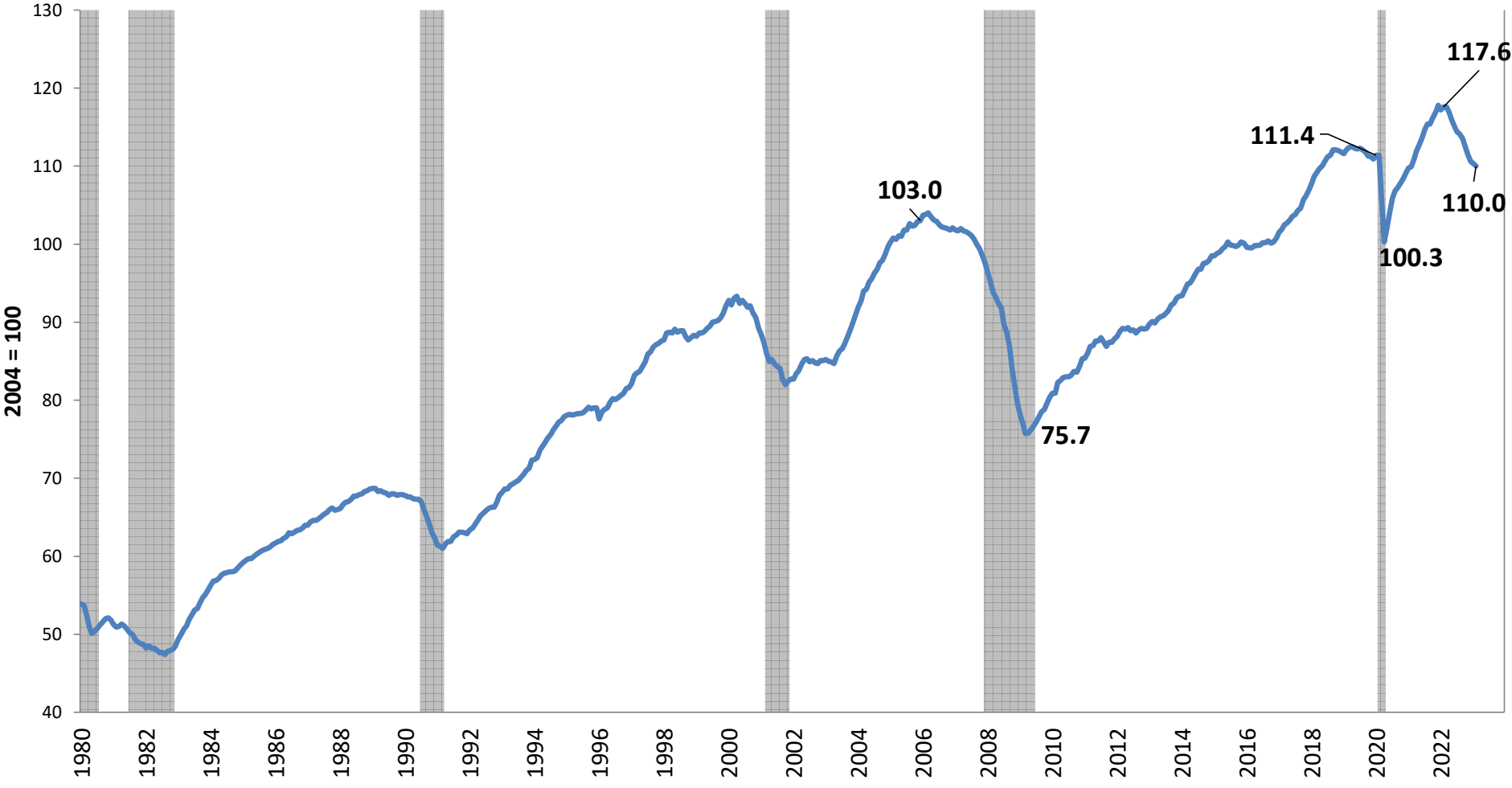
- Size of Mortgage: \$350,000
 - Payment on 30 Year Mortgage
 - Monthly P&I: \$1,493 @ 3.09% - 2 years ago
 - Monthly P&I: \$2,196 @ 6.43% - Today
 - \$703/month difference

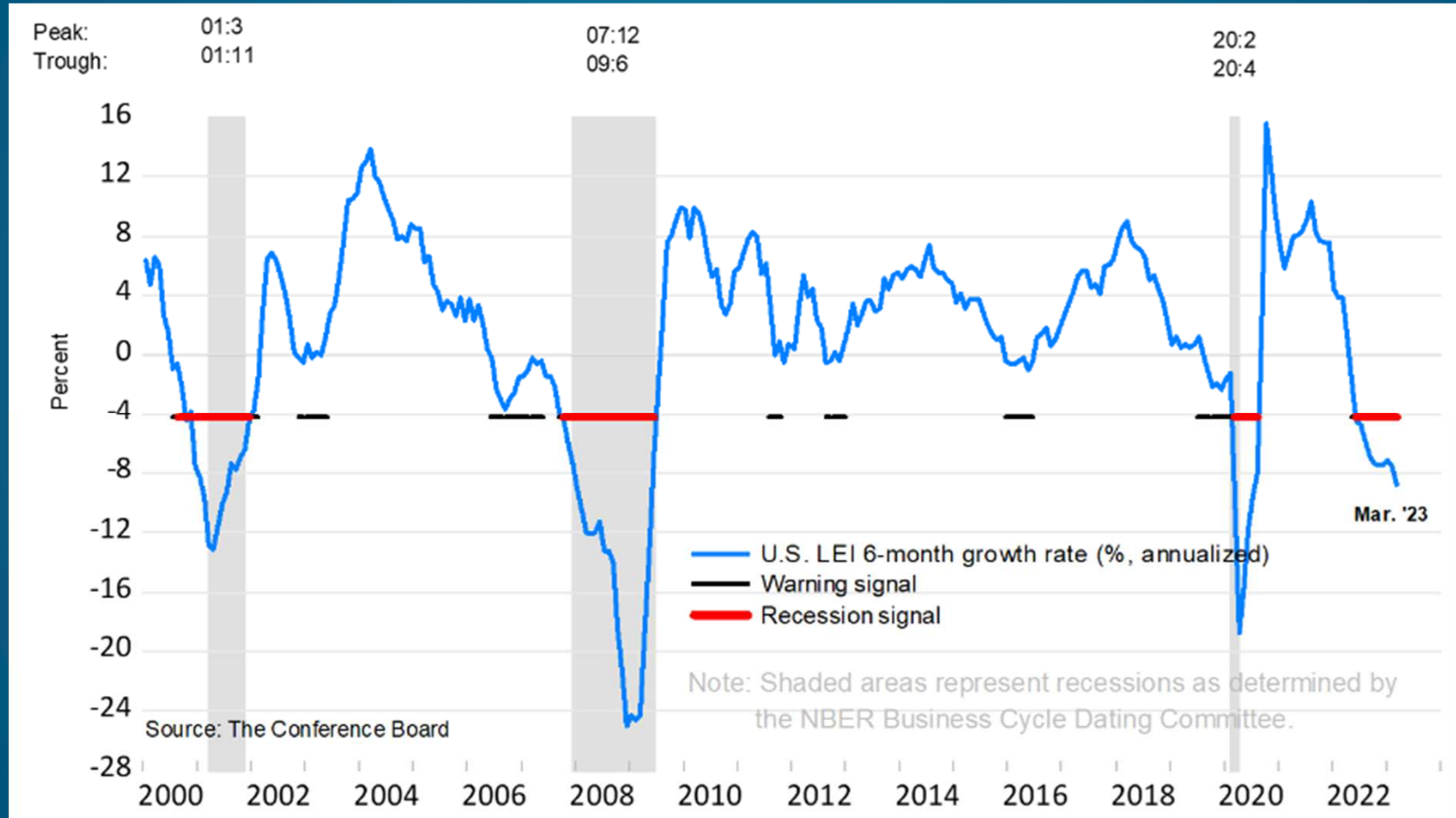


IMPACT OF HIGHER MORTGAGE RATES

- Maximum Monthly P&I: \$1,500
 - Largest 30 Year Mortgage
 - \$351,721 @ 3.09%
 - \$239,055 @ 6.60%
 - \$112,666 difference

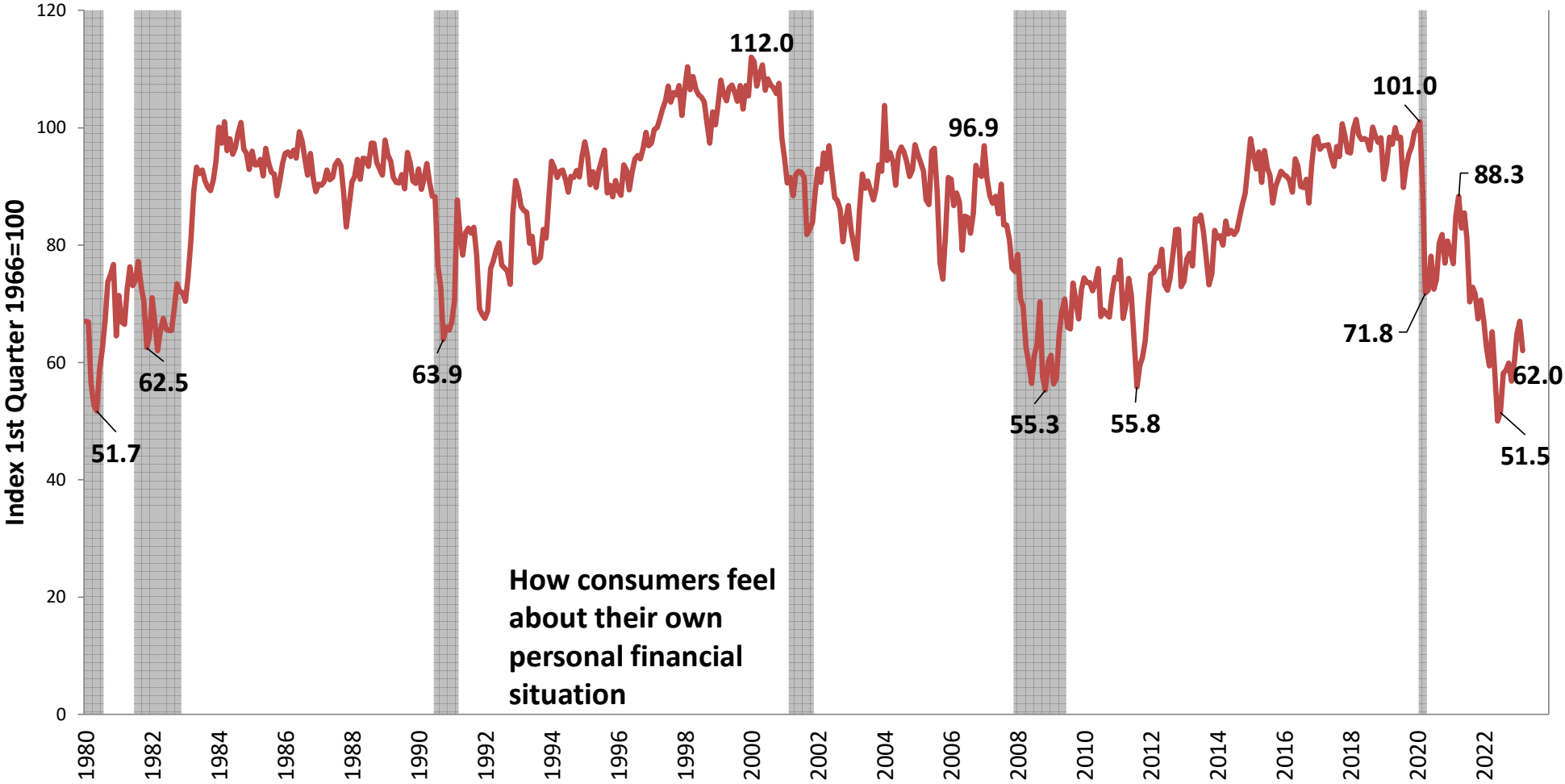
Conference Board LEI



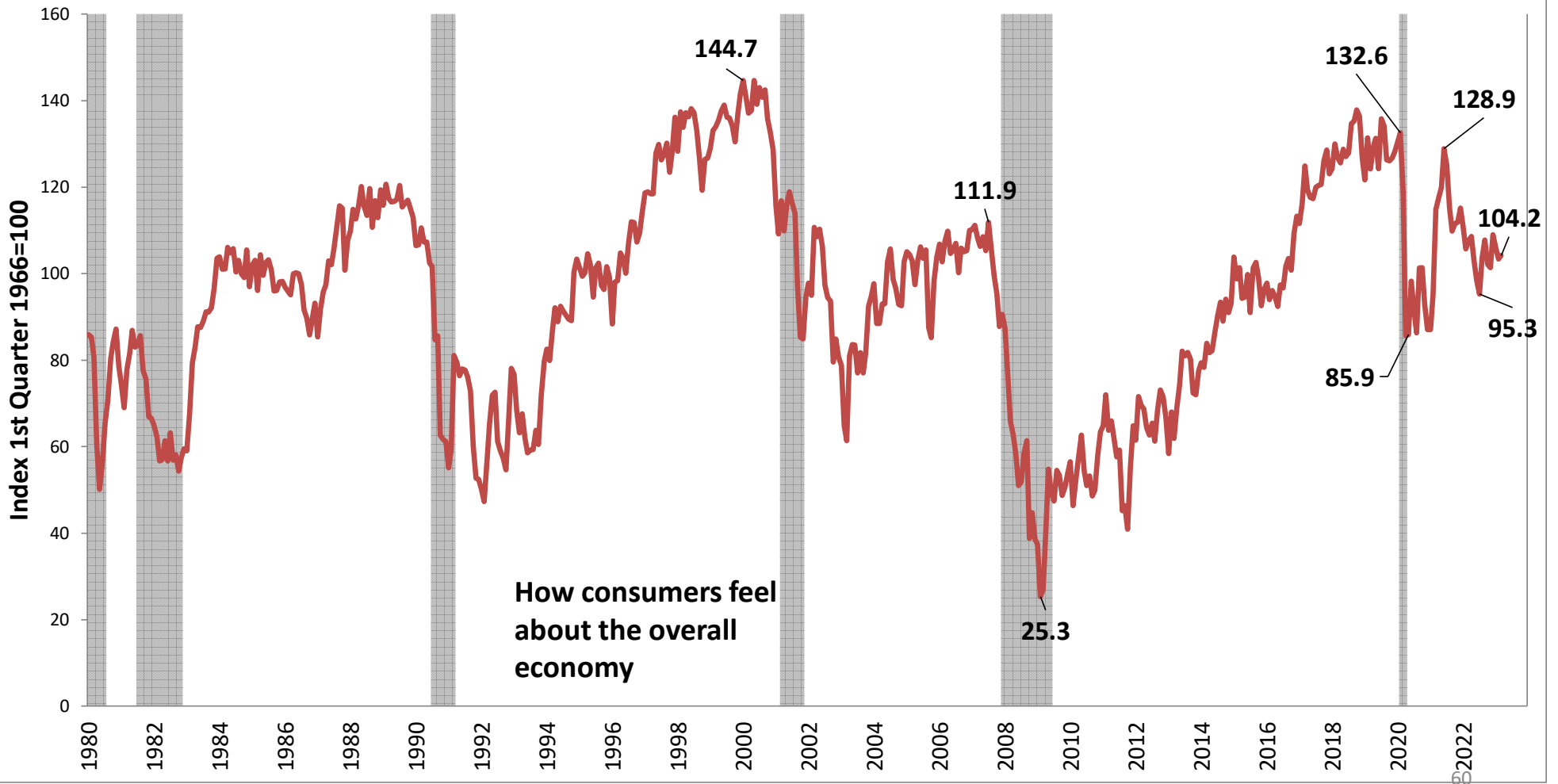


Source: <https://www.conference-board.org/topics/us-leading-indicators>

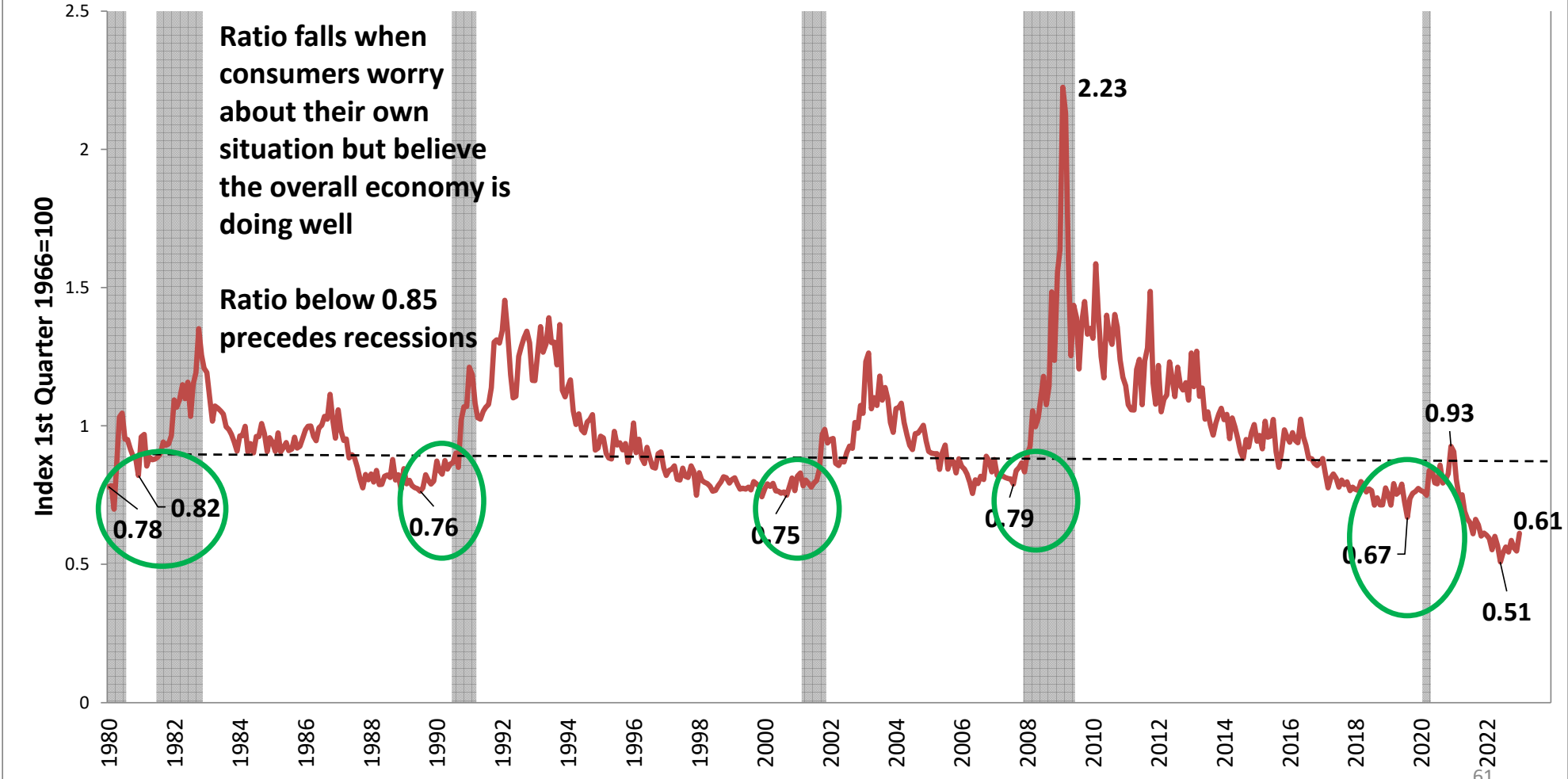
Consumer Sentiment



Consumer Confidence



Consumer Sentiment/Consumer Confidence





ARE WE HEADED FOR A RECESSION?



QUESTIONS?



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